


POWERINE OIL COMPANY
CONSOLIDATING FINANCIAL STATEMENTS
JANUARY 31, 1988

UNAUDITED

Prepared by: Accounting Department
Date Prepared: March 28, 1988


Henry Del Castillo
Vice President - Finance

POWERINE OIL COMPANY
CONSOLIDATING BALANCE SHEET

JANUARY 31, 1988

(Dollars in thousands, except share data)

ASSETS

	<u>Powerine Oil Company</u>	<u>Anglo Petroleum Corporation</u>	<u>Elimina- tions</u>	<u>Total</u>
Current assets:				
Cash and cash investments	\$ 738	\$ 833		\$1,571
Trade accounts receivable	3,627	103		3,730
Inventory (Note 1)	15,724			15,724
A/R inter-co.		130	\$ <130>	0
Prepaid expenses and other current assets	<u>1,641</u>	<u> </u>	<u> </u>	<u>1,641</u>
Total current assets	21,730	1,066	<130>	22,666
Investment	<1,173>		1,173	0
Property and equipment:				
Land	15,000			15,000
Refinery facilities and other facilities and equipment	33,309			33,309
Spare parts and catalyst	1,318			1,318
Equipment additions	<u>474</u>	<u> </u>	<u> </u>	<u>474</u>
	50,101			50,101
Depreciation	<u><2,851></u>	<u> </u>	<u> </u>	<u><2,851></u>
Property and equipment, net	47,250			47,250
Other assets	<u>110</u>	<u> </u>	<u> </u>	<u>110</u>
Total assets	<u>\$67,917</u> =====	<u>\$ 1,066</u> =====	<u>\$ 1,043</u> =====	<u>\$ 70,026</u> =====

LIABILITIES AND SHAREHOLDER'S EQUITY

	<u>Powerine Oil Company</u>	<u>Anglo Petroleum Corporation</u>	<u>Elimina- tions</u>	<u>Total</u>
Current liabilities:				
Current maturities of long term debt	\$ 2,800			\$2,800
Crude accounts payable MG Corp.	19,144			19,144
Trade account payable A/P inter-co.	8,937 130	\$ 173	\$ <130>	9,110 0
Other payables	<u>3,784</u>	<u> </u>	<u> </u>	<u>3,784</u>
Total current liabilities	34,795	173	<130>	34,838
MG Trade Finance, H.K.	7,060			7,060
Shareholder advances	6,608			6,608
Estimated claims payable	5,805			5,805
Note payable	11,200	2,066		13,266
Shareholder equity:				
Common stock \$1 par value; 5,000,000 shares authorized; 3,330,885 shares issued and outstanding	3,331			3,331
Additional paid-in capital	43,669	700	<700>	43,669
Retained deficit	<u><44,551></u>	<u><1,873></u>	<u>1,873</u>	<u><44,551></u>
Total shareholder's equity	<u>2,449</u>	<u><1,173></u>	<u>1,173</u>	<u>2,449</u>
Total liabilities and equity	\$ 67,917 =====	\$ 1,066 =====	\$ 1,043 =====	\$ 70,026 =====

POWERINE OIL COMPANY
CONSOLIDATING OPERATING STATEMENT
MONTH AND YEAR-TO-DATE JANUARY 31, 1988
(Dollars in thousands)
UNAUDITED

	Powerine Oil January 6/11/09	Anglo Petroleum January 6/11/09	Elimina- tions	Total January 1988	Powerine Oil Company YTD	Anglo Petroleum Corporation YTD	Elimina- tions	Total YTD
Revenues	\$ 20,503			\$ 20,503	\$ 166,500	\$ 14,449	\$ <14,449>	\$ 166,500
Cost of sales (Note 1)	19,327			19,327	150,016	14,586	<14,586>	150,016
Gross profit	1,176			1,176	16,484	<137>	137	16,484
Refinery fixed expenses	1,166			1,166	9,332			9,332
Refinery variable costs	1,169			1,169	12,338			12,338
Repairs, maintenance & other	136			136	11,508			11,508
Depreciation	196			196	2,257			2,257
General & adm. expenses	569			569	6,575	17	<17>	6,575
Interest	813	\$ 16	\$ <16>	813	8,904	192	<192>	8,904
Total expenses	4,049	16	<16>	4,049	50,914	209	<209>	50,914
Net operations	<2,873>	<16>	16	<2,873>	<34,430>	<346>	346	<34,430>
Loss in subsidiary	<16>		16		<346>		346	0
Earnings (loss) from continuing operations	<2,889>	<16>	32	<2,873>	<34,776>	<346>	692	<34,430>
Loss from discontinued operations			<16>	<16>			<346>	<346>
Net earnings (loss)	<2,889>	<16>	16	<2,889>	<34,776>	<346>	346	<34,776>
Prior retained deficit	<31,887>			<31,887>	<9,775>			<9,775>
Retained deficit	\$ <34,776>	\$	\$	\$ <34,776>	\$ <44,551>	\$	\$	\$ <44,551>

POWERINE OIL COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN
FINANCIAL POSITION

JANUARY 31, 1988

UNAUDITED

	<u>Month</u>	<u>YTD</u>
USE OF FUNDS		
Operations -		
Net loss	\$<2,889>	\$<34,776>
Add items not using working capital -		
Depreciation and amortization	<u>196</u>	<u>2,257</u>
	<2,693>	<32,519>
Property and equipment (purchases) sale	<28>	<3,456>
Property and equipment reclassified to current	0	1,500
(Increase) Decrease in other assets	112	328
Reduction of long-term debt		<18,092>
SOURCE OF FUNDS		
INCREASE IN:		
Shareholder advance	0	6,060
Increase in note payable	16	4,966
Common Stock	0	2,268
APIC	<u>0</u>	<u>29,732</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$<2,593> =====	\$ <9,213> =====
SUMMARY OF CHANGES IN COMPONENTS OF WORKING CAPITAL		
Increase (decrease) in current assets		
Cash & cash investments	\$ 40	\$<11,338>
Trade accounts receivable	<2,033>	<5,879>
Inventory	<3,919>	15,163
Prepaid expenses and other current assets	<u><233></u>	<u>1,587</u>
	<6,145>	<467>
Increase (decrease) in current liabilities		
Current maturities of long term debt		1,800
Crude accounts payable MG Corp.	<4,086>	19,144
Trade account payable	468	<7,646>
Other payables	66	2,590
Settlement liability	-	<6,574>
Unrealized trading losses	<u>-</u>	<u><568></u>
	<3,552>	8,746
Increase (decrease) in working capital	\$ <2,593> =====	\$ <9,213> =====

POWERINE OIL COMPANY

FOOTNOTES

JANUARY 31, 1988

NOTE 1 - Inventories are stated at cost at January 31, 1988 determined using the last-in, first-out (LIFO) method. A difference between the carrying value and the replacement value of inventories totaled \$2,300,000 and was charged to cost of sales during January, 1988.

POWERINE OIL COMPANY, DEBTOR IN POSSESSION

STATEMENT OF EARNINGS

JANUARY, 1986

(THOUSANDS OF DOLLARS)

(UNAUDITED)

	January, 1986	Twelve Months Ended January 31, 1986
Sales	\$ 789	\$12,118
Cost of Sales	<u>866</u>	<u>16,655</u>
Gross Profit/(Loss)	(77)	(4,537)
Operating, Selling and Administrative Expenses	(267)	(2,821)
Operating Profit/(Loss)	<u>(344)</u>	<u>(7,358)</u>
Other Income (Deductions)		
Gain on LIFO Inventory Liquidation	(106)	631
Depreciation Expense	(1,256)	(15,130)
Interest Income	62	2,456
Rental Income	39	396
Equity in Net (Loss) Earnings of Partnership	-	(1)
Reversal Property Tax Accrual	4,005	4,005
Other Income (Loss)	<u>120</u>	<u>2,010</u>
Earnings (Loss) Before Income Taxes	2,520	(12,991)
Provision for Income Taxes	-	-
Net Earnings (Loss)	\$2,520	\$(12,991)

POWERINE OIL COMPANY, DEBTOR IN POSSESSION
STATEMENT OF RETAINED EARNINGS

JANUARY, 1986
(THOUSANDS OF DOLLARS)
(UNAUDITED)

	<u>January, 1986</u>	<u>Twelve Months Ended January 31, 1986</u>
Balance at beginning of period	\$(79,593)	\$(61,040)
Adjustments - Prepetition Period	2,964	(78)
Net earnings/(loss) for period	<u>2,520</u>	<u>(12,991)</u>
Balance at end of period	\$74,109)	\$74,109)

POWERINE OIL COMPANY, DEBTOR IN POSSESSION
STATEMENT OF CHANGES IN FINANCIAL POSITION
JANUARY, 1986
(THOUSANDS OF DOLLARS)
(UNAUDITED)

	<u>January, 1986</u>	Twelve Months Ended <u>January 31, 1986</u>
Sources of working capital from operations		
Net earnings (loss)	\$ 2,520	\$(12,991)
Additional net loss, pre-petition	2,964	(78)
Charges (credits) to earnings not using (providing) working capital		
Depreciation and amortization of property, plant and equipment	1,256	15,129
(Gain) loss on sale of assets	(80)	(178)
Decrease in Catalyst Inventory	-	44
(Increase) Decrease in Warehouse Inventory	20	(47)
	<hr/>	<hr/>
Working capital provided from (used in) operations	6,680	1,879
Increase in Notes Receivable	(12)	(12)
Proceeds from cash surrender value life insurance	-	149
(Decrease) increase in Chapter 11 claims	(2,963)	(19,980)
Decrease in partnership investment	-	-
Proceeds from sale of property, plant, and equipment	221	325
	<hr/>	<hr/>
	(2,754)	(19,518)
(DECREASE) INCREASE IN WORKING CAPITAL	3,926	(17,639)
Working capital - beginning of period	16,919	38,484
Working capital - end of period	20,845	20,845

POWERINE OIL COMPANY, DEBTOR IN POSSESSION
STATEMENT OF CHANGES IN FINANCIAL POSITION - (CONTINUED)

JANUARY, 1986
(THOUSANDS OF DOLLARS)
(UNAUDITED)

	<u>January, 1986</u>	<u>Twelve Months Ended January 31, 1986</u>
Changes in components of working capital		
Increase (decrease) in current assets		
Cash	\$ (189)	\$(28,105)
Accounts receivable	(139)	654
Restricted cash	(8)	8,060
Inventories	(35)	(29)
Prepaid expenses	(2)	(16)
	<hr/>	<hr/>
	(373)	(19,436)
(Increase) decrease in current liabilities		
Current maturities of long-term obligations	-	-
Notes payable to banks	-	-
Accounts payable	124	(503)
Accrued liabilities and other liabilities	4,175	2,300
	<hr/>	<hr/>
	4,299	1,797
INCREASE (DECREASE) IN WORKING CAPITAL	\$3,926	\$(17,639)

POWERINE OIL COMPANY, DEBTOR IN POSSESSION
BALANCE SHEET DETAIL
JANUARY, 1986
(THOUSANDS OF DOLLARS)
(UNAUDITED)

NOTE 1 - ACCOUNTS RECEIVABLE

Accounts receivable at January 31, 1986
consists of the following:

Trade	\$ 59
Exchange Balances - Crude	97
- Products	1,508
Crude Sales	19
Processing	788
Other	597
	<u>\$ 3,068</u>
	=====

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at January 31, 1986
consists of the following:

Refinery - Processing Facilities	\$131,208
Refinery - Non-processing Facilities	82,926
Capitalized Financing Costs	39,766
Terminals	4,878
Pipelines	4,117
Revenue Trucks and Other Vehicles	147
Buildings and Fixtures - Service Stations	184
Other Corporate Assets	2,704
	<u>265,930</u>
Less: Accumulated Depreciation and Amortization	(77,279)
Land - Refinery	2,777
Land - Service Stations	-
	<u>\$191,428</u>
	=====

NOTE 3 - WAREHOUSE AND CATALYST INVENTORY

Warehouse and catalyst inventory
at January 31, 1986
consists of the following:

Warehouse Inventory	\$ 7,193
Catalyst Inventory	2,241
	<u>\$ 9,434</u>
	=====

POWERINE OIL COMPANY, DEBTOR IN POSSESSION
BALANCE SHEET DETAIL - (CONTINUED)
JANUARY, 1986
(THOUSANDS OF DOLLARS)
(UNAUDITED)

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at January 31, 1986
consists of the following:

Crude Oil	\$ 789
Trade	360
Exchange Balance - Crude	-
- Products	-
Other	<u>32</u>
	<u>\$1,181</u>
	=====

EXHIBIT "C"

WASTE DISPOSAL SUMMARY
1976 THROUGH 1982
910 SOUTH WINDHAM AVENUE
LONG BEACH, CALIFORNIA

1 - WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By: _____
Approved By: _____

WATER Hauling SUMMATION

	1976	1977	1978	1979	1980	1981	1982	
CRUDE OIL (GAL)	420	2772	4056	1932	4284	9996	27248	
WATER (GAL)	17980	36,540	71,022	102,816	57,246	59,388	299,750	
MUD (GAL)	6300	9830	18,984	9156	10,710	11,382	52,710	
TOTAL	14700	49,142	94,062	113,904	72,240	80,766	379,708	GAL

GRAND TOTAL 804,522 GAL

SAND (TONS)	6	171	311	65	93	179	956	
SHALES & CLAYS (T)	2	19	29	8	13	22	97	
TOTAL	8	190	340	73	106	201	1053	TNS.

GRAND TOTAL 1971 TONS

NOTE: INVOICES AND DELIVERY TICKETS HAVE BEEN SCANNED FROM 1972 THROUGH 1982. IT APPEARS THAT POWERLINE OIL CO. DID NOT USE THE MONTEREY DUMP PRIOR TO 1976.

Prepared By		
Approved By		

[illegible]

1977-WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK

POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By: _____
 Approved By: _____

	1	2	3	4	5	6	7	8	9	10	
	HAULER	DATE	VOL.	P H	GEN	PROCESS	WATER	SAND	MUD	CRUDE	OTHER
	CARRASCO	2-12-77	4200 GAL	7.0	DRILL	ING	3108 GAL	9 TONS	2124 GAL	—	1 TON
	CARRASCO	2-16-77	4200 G	7.0	DEILL	ING	3108 G	9 T	2124 G	—	1 T
	CARRASCO	3-21-77	4200 G		DEILL	ING	1554 G	4 T	1034 G	—	1 T
	FIX & BRAIN	3-23-77	4200 G	8.5	PROD.		1470 G	9 T	—	168 GAL	1 T
	FIX & BRAIN	3-25-77	4200 G	7.5	PROD.		1470 G	9 T	—	168 G	1 T
	FIX & BRAIN	4-17-77	4200 G		DRILL	ING	3108 G	9 T	2124 G	—	1 T
	CARRASCO	7-17-77	4200 G	7.0	TANK	CLEANING	1722 G	7 T	—	294 G	1 T
	CARRASCO	7-17-77	4200 G	7.0	PROD.		1470 G	9 T	—	168 G	1 T
	CARRASCO	7-17-77	4200 G	7.0	TANK	CLEANING	1722 G	7 T	—	294 G	1 T
	CARRASCO	7-8-77	4200 G	7.0	PROD.	}					
	CARRASCO	7-8-77	4200 G	7.0	PROD.						
	CARRASCO	7-8-77	4200 G	7.0	PROD.						
	CARRASCO	7-8-77	4200 G	7.0	PROD.						
	CARRASCO	7-8-77	4200 G	7.0	PROD.		14700 G	90T	—	1680 G	9 T
	CARRASCO	7-9-77	4200 G	7.0	PROD.						
	FIX & BRAIN	9-18-77	4200 G	8.5	PROD.						
	CARRASCO	11-23-77	4200 G	7.0	PROD.						
	CARRASCO	11-28-77	4200 G	9.0	PROD.						
	FIX & BRAIN	12-12-77	4200 G	8.0	PROD.						
	FIX & BRAIN	12-22-77	4200 G	9.5	DRILL	ING	3108 G	9 T	2124 G	—	1 T
		</									

1978-WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By
Approved By

7/11/78

10

	HAULER	DATE	VOL	P H	GEN	PROCESS	WATER	SAND	MUD	CRUDE	OTHER
	ROUTH	1-13-78	4200 GAL	7.0	PROD.	}					
	ROUTH	1-13-78	4200 G	7.0	PROD.						
	ROUTH	1-13-78	4200 G	7.0	PROD.		5880 GAL	32 Tons		672 GAL	4 Tons
	ROUTH	1-13-78	4200 G	7.0	PROD.						
	Fix & BRAIN	2-2-78	4200 G	7.6	DRILLING	}					
	Fix & BRAIN	2-2-78	4200 G	7.0	DRILLING		5166 G	14 T	3276 GAL	—	1 T
	Fix & BRAIN	2-2-78	4200 G	7.6	DRILLING						
	Fix & BRAIN	2-28-78	4200 G	7.5	PROD.						
	Fix & BRAIN	2-28-78	4200 G	7.5	PROD.	}	4410 G	28 T	—	504 G	3 T
	Fix & BRAIN	3-7-78	4200 G	7.0	PROD.						
	ROUTH	3-21-78	4200 G		TKF						
	Fix & BRAIN	3-23-78	4200 G	7.5	FWKO		3444 G	15 T	—	600 G	2 T
	Fix & BRAIN	3-23-78	4200 G	7.0	DRILLING	}	1554 G	5 T	1092 G	—	.5 T
	ROUTH	3-28-78	4200 G	7.0	TKC		1722 G	7 T	—	294 G	1 T
	Fix & BRAIN	4-7-78	4200 G	7.0	DRILLING		1554 G	15 T	1092 G	—	.5 T
	ROUTH	4-11-78	4200 G	7.0	TKC		1722 G	7 T		294 G	1 T
	ROUTH	5-4-78	4200 G	7.0	DRILLING	}	1554 G	15 T	1092 G	—	.5 T
	Fix & BRAIN	5-10-78	4200 G	6.5	DRILLING		1554 G	15 T	1092 G	—	.5 T
	Fix & BRAIN	5-30-78	4200 G		PROD.						
	ROUTH	6-2-78	4200 G	7.0	PROD.		2940 G	18 T	—	336 G	2 T
	CARRASCO	6-5-78	4200 G	7.0	TKC	}					
	CARRASCO	6-5-78	4200 G	7.0	TKC		3444 G	15 T	—	600 G	2 T
	Fix & BRAIN	7-19-78	4200 G		EQUIP. CLEANING		4116 G	—	—	84 G	—
	Fix & BRAIN	7-21-78	4200 G		DRILLING		1554 G	15 T	1092 G	—	.5 T
	Fix & BRAIN	11-6-78	4200 G	7.5	EQUIP. CLEANING	}	4116 G	—	—	84 G	—
	Fix & BRAIN	11-8-78	4200 G		DRILLING		1554 G	15 T	1092 G	—	.5 T
	Fix & BRAIN	11-8-78	4200 G	7.8	WELL RETURNS		1470 G	9 T	—	168 G	1 T
	Fix & BRAIN	11-9-78	4200 G	8.0	DRILLING		1554 G	15 T	1092 G	—	.5 T
	Fix & BRAIN	11-18-78	4200 G	7.5	EQUIP. CLEANING	}	4116 G	—	—	84 G	—
	Fix & BRAIN	11-20-78	4200 G		DRILLING						
	Fix & BRAIN	12-4-78	4200 G		DRILLING		3108 G	T	2184 G	—	1 T

1978-WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

CONT.

Prepared By: _____
Approved By: _____

Init. & Date

	1	2	3	4	5	6	7	8	9	10	
	HAULER	DATE	VOL	PH	GEN	PROCESS	WATER	SAND	MUD	CRUDE	OTHER
	FIX & BRAIN	12-14-78	4200 GAL	7.0		DRILLING					
	FIX & BRAIN	12-14-78	4200 G	8.5		DRILLING					
	FIX & BRAIN	12-14-78	4200 G	7.0		DRILLING	9996 GAL	18 TONS	4788 GAL	—	4 TONS
	FIX & BRAIN 10% MUD 90% WATER	12-19-78	4200 G	7.8		DRILLING					
	ROUTH	12-20-78	4200 G	7.0		DRILLING					
	ROUTH	12-21-78	4200 G			PROD.					
	ROUTH	12-21-78	4200 G			PROD.	2940 G	18 T	—	336 GAL	2 T
	CARRASCO	12-29-78	4200 G			DRILLING	1554 G	5 T	1092 G	—	1 T
							WATER	SAND	MUD	CRUDE	OTHER
	TOTALS						71022 GAL	311 TONS	18984 GAL	4056 GAL	28.5 TONS

1979

- WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By	
Approved By	

	HAULER	DATE	VOL.		P H		GEN	PROCESS	WATER		SAND		MUD		CRUDE		OTHER	
	CARRASCO	1-2-79	4200	GAL				CELLARS RAIN WATER										
	CARRASCO	1-2-79	4200	G				CELLARS RAIN WATER	99%							1%		
	CARRASCO	1-2-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-2-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-3-79	4200	G				CELLARS RAIN WATER	37422 GAL							378 GAL		
	CARRASCO	1-3-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-3-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-3-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-4-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-4-79	4200	G				DRILLING	1554 G		4 TONS		1092 GAL				1.5 TONS	
	CARRASCO	1-4-79	4200	G				PIT CLEANING	1470 G		9 T					168 G	1 T	
	CARRASCO	1-5-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-5-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-5-79	4200	G				CELLARS RAIN WATER	99%							1%		
	CARRASCO	1-5-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-5-79	4200	G				CELLARS RAIN WATER	37422 G							378 G		
	CARRASCO	1-6-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-8-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-8-79	4200	G				CELLARS RAIN WATER										
	CARRASCO	1-8-79	4200	G				CELLARS RAIN WATER										
	FIX & BRAIN	1-27-79	4200	G		7.5		CLEANING	4116 G							84 G		
	ROUTH	2-16-79	4200	G		7.0		PROD.	1470 G		9 T					168 G	1 T	
	FIX & BRAIN	2-18-79	4200	G		7.0		DRILLING	1554 G		4 T		1092 G				1.5 T	
	FIX & BRAIN	3-10-79	4200	G		7.0		OIL SPILL	1470 G		9 T					168 G	1 T	
	FIX & BRAIN	3-20-79	4200	G		7.8		MUD TANK	3780 G				420 G					
	FIX & BRAIN	4-30-79	4200	G		7.5		DRILLING	1554 G		4 T		1092 G				1.5 T	
	FIX & BRAIN	7-30-79	4200	G		7.0		CLEAN TANK	1722 G		7 T					294 G	1 T	
	FIX & BRAIN	10-4-79	4200	G		7.0		WASTE MUD	55%				45%					
	FIX & BRAIN	10-4-79	4200	G		7.0		WASTE MUD	4620 G				3780 G					
	FIX & BRAIN	10-29-79	4200	G		7.6		DRILLING	50%		30%		20%					
	FIX & BRAIN	10-29-79	4200	G				DRILLING	25% 2940 G		25% T		50% 1680 G				1.5 T	
	FIX & BRAIN	12-12-79	4200	G				TANK CLEANING	1722 G							294	1 T	

	Initials	Date
Prepared By		
Reviewed By		

Oil	Water	Mud	Sand	Shale & Clay
-----	-------	-----	------	--------------

1985	4284 GAL	57,246 GAL	10,710 GAL	93 TEN	13
7011					

1981 - WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK
POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By	Initials	Date
Reviewed By		

	HAULER	DATE	VOL	P H	GEN	PROCESS	WATER	SAND	MUD	CRUDE	OTHER
	IT CORP.	4-16-81	4200 GAL	7.0	20% OIL	80% WATER					
	IT CORP.	4-16-81	4200 G	7.0							
	IT CORP.	4-16-81	4200 G	7.0			16800 GAL	—	—	4200 GAL	—
	IT CORP.	4-17-81	4200 G	7.0							
	IT CORP.	4-17-81	4200 G	7.0							
	IT CORP.	4-18-81	4200 G	7.0	25%	75%					
	IT CORP.	7-11-81	4200 G	10.0	TANK BOTTOM		1722 G	7 TONS	—	294 G	1 TON
	IT CORP.	11-9-81	4200 G	7.0	TKC	8% OIL 60% WATER 38% SAND	2520 G	7 T	—	336 G	1 T
	IT CORP.	11-9-81	4200 G	7.0	TANK BOTTOM		2520 G	7 T		336	1 T
	IT CORP.	11-9-81	4200 G	7.0	TKC						
	IT CORP.	11-18-81	4200 G	7.0	TKC						
	IT CORP.	11-18-81	4200 G	7.0	TKC		8820 G	43 T	—	1302 G	5 T
	IT CORP.	11-19-81	4200 G	7.0	TKC						
	IT CORP.	11-19-81	4200 G	7.0	TKC						
	IT CORP.	11-23-81	4200 G		TKC		1722 G	7 T		294 G	1 T
	IT CORP.	12-8-81	4200 G		DRILLING		2310 G	—	1680 GAL	210 G	—
	IT CORP.	12-10-81	4200 G	7.0	TKC		1260 G	9 T		336 G	1.1 T
	IT CORP.	12-19-81	4200 G		DRILLING		1470 G	5 T	840 G	—	1 T
	IT CORP.	12-21-81	4200 G	8.0	DRILLING		358	45%	20%		
	IT CORP.	12-21-81	4200 G	9.0	DRILLING		2940 G	12 T	1680 G		1 T
	IT CORP.	12-19-81	4200 G	7.0	TKC						
	IT CORP.	12-19-81	4200 G	7.0	TKC						
	IT CORP.	12-19-81	4200 G	7.0	TKC						
	IT CORP.	12-19-81	4200 G	7.0	TKC						
	IT CORP.	12-29-81	4200 G	7.0	TKC		10080 G	74 T	—	2688 G	9 T
	IT CORP.	12-29-81	4200 G	7.0	TKC						
	IT CORP.	12-29-81	4200 G	7.0	TKC						
	IT CORP.	12-29-81	4200 G	7.0	TKC						
	IT CORP.	12-29-81	4200 G	9.0	DRILLING						
	IT CORP.	12-29-81	4200 G	9.0	DRILLING						
	IT CORP.	12-29-81	4200 G	9.0	DRILLING		4704 G		5712 G		.5 T
	IT CORP.	12-29-81	4200 G	9.0	DRILLING						

	Initials
Prepared By	
Approved By	

	Initials
Prepared By	
Approved By	

1982 - WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERLINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By: _____
Approved By: _____

1	2	3	4	5	6	7	8	9	10
HHAUSER	DATE	VOL-GAL	PH						
IT TRANSPORT	3/5	4200	7	PROD 2% OIL, 98% WATER				W=4116, O=84	
TED HAMMETT	3/7	✓	✓	✓	✓	✓	✓	✓	✓
TED HAMMETT	3/8	✓	✓	✓	✓	✓	✓	✓	✓
IT TRANSPORT	3/11	12600	✓	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=2520, O=630, S=21, SC=2.1	
✓	3/12	✓	✓	✓	✓	✓	✓	✓	✓
TED HAMMETT	3/12	4200	✓	✓ 2% OIL, 98% WATER				W=4116, O=84	
✓	3/26	4200	9	DRUG MUD 26% WATER, 37% SOLIDS				W=1554, M=1092, S=5, SC=0.5	
✓	3/23	4200	7	PROD 2% OIL, 98% WATER				W=4116, O=84	
✓	3/27	4200	✓	✓	✓	✓	✓	✓	✓
IT CORP	4/4	8400	✓	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=1680, O=420, S=14, SC=1.4	
✓	4/7	8400	✓	✓	✓	✓	✓	✓	✓
TED HAMMETT	4/5	4200	9	DRUG MUD 26% WATER, 37% SOLIDS				W=1554, M=1092, S=5, SC=0.5	
IT TRANSPORT	4/12	12600	7	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=2520, O=630, S=21, SC=2.1	
TED HAMMETT	4/12	4200	9	DRUG MUD 26% WATER, 37% SOLIDS				W=1554, M=1092, S=5, SC=0.5	
IT TRANSPORT	4/14	4200	7	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=840, O=210, S=7, SC=0.7	
✓	4/15	4200	✓	✓	✓	✓	✓	✓	✓
✓	4/16	12600	✓	✓	✓	✓	✓	✓	✓
✓	4/19	8400	✓	✓	✓	✓	✓	✓	✓
✓	4/20	12600	✓	✓	✓	✓	✓	✓	✓
TED HAMMETT	4/20	4200	9	DRUG MUD 26% WATER, 37% SOLIDS				W=1554, M=1092, S=5, SC=0.5	
IT TRANSPORT	4/21	12600	7	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=2520, O=630, S=21, SC=2.1	
✓	5/3	12600	✓	✓	✓	✓	✓	✓	✓
✓	5/4	16800	✓	✓	✓	✓	✓	✓	✓
✓	5/5	8400	✓	✓	✓	✓	✓	✓	✓
✓	5/25	4200	✓	✓	✓	✓	✓	✓	✓
✓	6/4	4200	3	SPILL 90% WATER, 10% DIRT				W=3780, DIRT=0.5	
TED HAMMETT	6/10	4200	7	PROD 2% OIL, 98% WATER				W=4116, O=84	
IT TRANSPORT	6/27	8400	✓	PROD 5% OIL, 20% WATER, 75% SOLIDS				W=1680, O=420, S=14, SC=1.4	
TED HAMMETT	7/12	4200	✓	PROD 1% OIL, 99% WATER				W=3158, O=42	
ADDITIONAL	8/10	(GAL), C=1.4		W=1680 (GAL)				(TENS) SC=0.5, CLAY=0.5	

1762-WASTE DISPOSAL, OPERATING INDUSTRIES, MONTEREY PARK POWERINE OIL CO. PARCEL "A" LONG BEACH CALIF.

Prepared By	Init's	Date
Approved By		

1	2	3	4	5	6	7	8	9	10
HAULER	DATE	VOL-GAL	PH						
IT TRANSPORT	5/25	8400	7	PROD 5% OIL, 20% WATER	75% SOLID				
✓	5/28	12600	✓	✓	✓	✓	✓	✓	N=1680, O=420, S=14, SC=1.4
✓	6/3	12600	✓	✓	✓	✓	✓	✓	W=2520, O=630, S=21, SC=2.1
✓	6/4	8400	✓	✓	✓	✓	✓	✓	✓
✓	6/29	8400	✓	✓	✓	✓	✓	✓	W=1680, O=420, S=14, SC=1.4
✓	7/27	8400	✓	✓	✓	✓	✓	✓	✓
✓	7/28	12600	✓	✓	✓	✓	✓	✓	W=2520, O=630, S=21, SC=2.1
✓	7/29	12600	✓	✓	✓	✓	✓	✓	✓
✓	8/5	12600	✓	✓	✓	✓	✓	✓	✓
✓	8/18	4200	✓	✓	✓	✓	✓	✓	W=840, O=210, S=7, SC=0.7
✓	8/22	4200	✓	✓	✓	✓	✓	✓	✓
✓	9/14	12600	✓	✓	✓	✓	✓	✓	W=2520, O=630, S=21, SC=2.1
✓	10/5	16800	✓	✓	✓	✓	✓	✓	N=3360, O=840, S=28, SC=2.8
✓	10/6	16800	✓	✓	✓	✓	✓	✓	✓
✓	10/7	4200	✓	✓	✓	✓	✓	✓	W=840, O=210, S=7, SC=0.7
TED HAMMETT	10/13	4200	7	PROD 5% OIL, 95% WATER					W=3990, OIL=210
IT TRANSPORT	10/21	12600	7	PROD 5% OIL, 20% WATER	75% SOLID				W=2520, O=630, S=21, SC=2.1
TED HAMMETT	10/28	25200	7	TANK CLEAN, 2% OIL, 28% WATER, 70% SOLID					N=7056, OIL=504, S=45
✓	11/24	12600	8	CELLERS 2% OIL, 98% WATER					W=12348, OIL=252
✓	11/26	4200	✓	✓	✓	✓	✓	✓	W=4116, OIL=84
IT TRANSPORT	12/31	16800	7	TANK BOTTOMS 8% OIL, 30% WATER, 62% SOLID					W=5040, O=1344, S=27, SC=10
✓	12/30	25200	7	PROD 5% OIL, 20% WATER, 75% SOLIDS					W=5040, O=1260, S=42, SC=4
TED HAMMETT	12/2	4200	7	PROD 4% OIL, 35% WATER, 61% SOLIDS					W=1470, O=168, S=10, SC=1
✓	12/3	8400	✓	✓	✓	✓	✓	✓	W=2940, O=336, S=20, SC=2
✓	12/8	4200	✓	PROD, 3% OIL, 97% WATER					W=4074, O=126
✓	12/9	4200	✓	✓ 2% ✓ 98% ✓					W=4116, OIL=84
✓	12/13	4200	✓	✓	✓	✓	✓	✓	✓
✓	12/14	8400	✓	✓	✓	✓	✓	✓	✓
✓	12/15	8400	✓	✓	✓	✓	✓	✓	✓

Prepared By
Approved By

OIL	WATER	MUD	SAND	SHALE + CLAY
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1982
TOTAL

27,248	299,750	52,710	956
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(SPACE BELOW FOR FILING STAMP ONLY)

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OCT 26 1984

CENTRAL DISTRICT OF CALIFORNIA

Attorneys for Debtor and Debtor in Possession

UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA

In re	)	CASE NO. LA 84-07086-RM
)	
POWERINE OIL COMPANY	)	Chapter 11
A California corporation,)	
	)	FIRST AMENDED DISCLOSURE
Debtor.	)	STATEMENT
)	
	)	Date: November 7, 1984
	)	Time: 2:00 p.m.
	)	Place: Courtroom "C,"
	)	8th Floor

TO CREDITORS AND OTHER PARTIES IN INTEREST IN THE DEBTOR'S
 CHAPTER 11 CASE:

IMPORTANT, THIS DOCUMENT CONTAINS INFORMATION WHICH MAY
 BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTOR'S PLAN OF
 REORGANIZATION. PLEASE READ THIS DOCUMENT CAREFULLY. ENCLOSED
 WITH THESE MATERIALS IS A BALLOT. YOU ARE REQUESTED TO FILL OUT
 AND RETURN THIS BALLOT, AFTER REVIEWING THESE MATERIALS CAREFULLY,
 NO LATER THAN _____, 1984.

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///

INTRODUCTION

On March 26, 1984, a voluntary petition under Chapter 11 of the Bankruptcy Code was filed by Powerine Oil Company (hereinafter referred to as "Debtor"). The Debtor's reorganization case is presently pending before the United States Bankruptcy Court for the Central District of California (hereinafter referred to as "Reorganization Court").

Prior to and during the course of the reorganization case, the Debtor and its attorneys have had extensive discussion with numerous parties, including secured creditors (whose claims may total approximately \$290,000,000), the Creditors' Committee, as well as representatives of the Debtor's shareholder, for the purpose of exploring possible alternatives for the reorganization of the Debtor in a manner beneficial to the interest of all concerned parties, bearing in mind the governing principles of the Bankruptcy Code. The Debtor's proposed Plan of Reorganization (hereinafter referred to as "the Plan"), which is transmitted with this Disclosure Statement and is summarized at pages 7 through 14 below, is a result of those discussions.

This document containing information with respect to the Debtor and the Debtor's proposed Plan, along with a copy of the proposed Plan, is being distributed to the Debtor's creditors and other parties in interest pursuant to Section 1105 of the Bankruptcy Code for the purpose of enabling each creditor or party in interest to make an informed judgment with respect to the Plan. After notice, at a hearing held on November 7, 1984 before the

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1 Honorable Richard Mednick, the Reorganization Court reviewed and
2 approved this Disclosure Statement as containing adequate informa-
3 tion to fulfill its intended purpose.

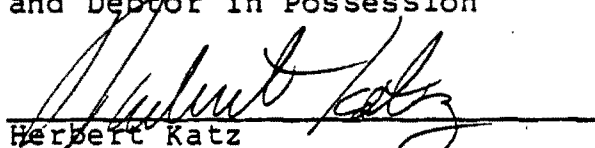
4 THE ONLY REPRESENTATIONS AUTHORIZED BY THE DEBTOR
5 CONCERNING THE DEBTOR, ITS ASSETS, LIABILITIES, OPERATIONS OR
6 ITS PLAN OF REORGANIZATION ARE THOSE CONTAINED IN THIS DISCLOSURE
7 STATEMENT AND ALL OTHER REPRESENTATIONS, WARRANTIES OR DISCUSSIONS
8 ARE SUPERSEDED BY THOSE CONTAINED IN THIS DISCLOSURE STATEMENT.

9 Please read this document, as well as the accompanying
10 Plan, with care. The information contained in this document may
11 bear upon your decision to accept or to reject the Debtor's Plan
12 of Reorganization.

13
14 POWERINE OIL COMPANY,
15 Chapter 11 Debtor

16 By: GENDEL, RASKOFF, SHAPIRO &
17 QUITTNER
18 Attorneys for the Debtor
19 and Debtor in Possession

20
21
22
23
24
25
26
27
28
By:


Herbert Katz

POWERINE OIL COMPANY
DISCLOSURE STATEMENT
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I.

BACKGROUND

The Debtor's predecessor, Rothschild Oil Company, was founded by Harry S. Rothschild in 1936 to conduct business as a broker and distributor of refined petroleum products in Southern California. Prior to World War II, Rothschild Oil Company acquired a small cracking unit in Santa Fe Springs, California and commenced its refinery operations at the site of the present refinery. The operations continued to grow, and in 1959 Powerine Oil Company was formed. The company's growth continued to such an extent that by the late 1970's the Debtor's fixed plant consisted of an integrated system for receiving, storing and refining crude oil, and for storing and distributing finished products. Although the refinery had a capacity in excess of 44,000 barrels of crude oil per day, it could only process relatively light grades of crude at this rate.

In 1978, the Debtor entered into an agreement with Aetna Life Insurance Company ("Aetna"), the Equitable Life Assurance Society of the United States, the Equitable Variable Life Insurance Company (together "Equitable"), and Teachers' Insurance and Annuity Association of America ("Teachers") (Aetna, Equitable and Teachers are collectively referred to as the "Insurance Companies") to borrow a total of \$21,000,000 for the purpose of refinancing certain long term debt and to provide working capital. In order to finance the upgrading of its refinery operations to handle heavier grades of crude containing more sulfur, Debtor arranged, in May of 1981, to borrow up to an additional \$229,600,000 from a

1 bank line consisting of the First National Bank of Chicago (the
2 Agent bank), United California Bank (now First Interstate Bank of
3 California), Crocker National Bank, Security Pacific National
4 Bank, First National Bank in Dallas (now Interfirst Bank Dallas
5 N.A.), Republic National Bank of Dallas (now RepublicBank Dallas
6 N.A.) and Banque de Paris et des Pays-Bas (now Banque Paribas)
7 (hereafter collectively referred to as the "Bank Group"). At
8 the time of the loan by the Bank Group, the Bank Group and the
9 Insurance Companies (hereafter collectively referred to as the
10 "Secured Lenders") entered into a Trust Agreement and Collateral
11 Sharing Agreement by which they agreed to share jointly a security
12 interest in substantially all of the assets of the Debtor. Under
13 their Collateral Sharing Agreement and Trust Agreement, Union Bank
14 was appointed as the trustee to act on behalf of the Secured
15 Lenders.

16 Unfortunately, the expected demand for the refining
17 of heavy sour crudes did not materialize and profit margins in the
18 refinery industry fell drastically in the early 1980's. This
19 unexpected reduction impeded the Debtor's ability to make timely
20 principal and interest payments on the loans from the Insurance
21 Companies and the Bank Group. On March 26, 1984, the Debtor
22 filed its petition initiating this case under Chapter 11 of the
23 Bankruptcy Code.

24 At the time of the filing of the petition in this case,
25 the Debtor owed approximately \$18,500,000 to the Insurance
26 Companies and approximately \$264,000,000 to the Bank Group,
27 including approximately \$10,000,000 in post-petition drawings
28 on pre-petition letters of credit. The approximate amount owing

1 to the other unsecured creditors is \$21,000,000, plus disputed
2 mechanics lien claims totalling approximately \$8,000,000.
3 Additionally, the Department of Energy asserts that it is owed
4 approximately \$22,500,000.00, which includes \$11,700,000.00
5 interest.

6 The Debtor's major tangible asset is its refinery and
7 associated property, plus certain collateral held by the secured
8 creditors consisting primarily of accounts receivable, crude
9 products and cash. The Debtor also believes that there is sub-
10 stantial value in various intangibles such as: its net operating
11 loss carry forward (which currently exceeds \$145,000,000); its
12 investment tax credits carry forward (which currently exceeds
13 \$20,000,000); its permits to operate a refinery in the Southern
14 California area; its permits and franchises for the operation of
15 pipelines and terminals; and certain fully paid up licenses to use
16 patented processes in its refining operations. If the existing
17 permits, franchises and licenses are not kept in effect, it is
18 doubtful that all or any of them could be reissued or that new
19 ones would be obtainable; attempts to obtain any such new permits,
20 franchises and/or licenses would require a substantial investment
21 of time and money without any assurance of availability. The
22 Debtor believes that the transfer of these intangible assets will
23 be greatly simplified if a sale of the refinery could be accom-
24 plished with a concurrent transfer of the Debtor's existing stock,
25 all of which is owned by Powerine Enterprises, a California
26 corporation, whose stock is owned and controlled by the Rothschild
27 family.

28 ///

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1 The Debtor, as well as the Secured Lenders who hold a
2 pre-petition security interest in substantially all of the assets
3 of the Debtor, believe that the assets cannot be sold for a
4 sufficient amount to cover all of the claimed secured debt which,
5 with the approximate \$8,000,000 disputed secured claims, aggre-
6 gates approximately \$290,000,000. Both the Secured Lenders
7 and the Debtor anticipate that a sale of the assets (including
8 the intangibles referred to in the preceding paragraph) to a
9 user/buyer to whom the Debtor's stock would be contributed could
10 bring substantially more than would be realized from a straight
11 liquidation sale of the assets. A liquidation sale of the physical
12 assets might totally eliminate the intangible assets.

13 For over a year preceding the filing of the petition,
14 efforts were made by the Debtor to find a user/buyer, but none had
15 been found as of the date of the commencement of this reorganiza-
16 tion case. The Secured Lenders have supported the Debtor in a
17 program for the wind down and termination of the operations of its
18 refinery which the parties believe will preserve its ongoing busi-
19 ness value (including the intangibles) and still minimize the
20 losses.

21 The Debtor and the Secured Lenders believe that the
22 availability of the capital stock should preserve the value of the
23 operating permits, the pipeline franchises, the paid up licenses,
24 and the potential value of the net operating loss carry forward
25 and the investment tax credit carry forward.

26 ///

27 ///

28 ///

II.

SUMMARY OF THE PLAN OF REORGANIZATION

A. CLASSIFICATION OF CLAIMS

The Plan classifies claims against the Debtor as follows:

1. Class 1 claims consist of allowed priority claims (including administrative expenses) as defined in Section 507 of the Bankruptcy Code through the date of Confirmation, including reimbursement for the expenses of and compensation for services rendered by the appointed attorneys and other professional persons employed by the Debtor;

2. Class 2 claims consist of allowed unsecured claims entitled to priority under Section 507(a)(3) of the Bankruptcy Code, including claims for wages, salaries, or commissions, including vacation, severance and sick pay, earned by an individual 90 days prior to March 26, 1984, in an amount not to exceed \$2,000.00;

3. Class 3 claims consist of all allowed unsecured claims entitled to priority under Section 507(a)(4) of the Bankruptcy Code, including claims for full contributions to employee benefit plans arising from services rendered 180 days prior to March 26, 1984, in an amount not to exceed \$2,000.00, less any amount claimed under Section 507(a)(3), the Class 2 claims;

4. Class 4 claims consist of all allowed unsecured claims entitled to priority under Section 507(a)(6) of the Bankruptcy Code, including claims of governmental units for taxes or duties;

5. Class 5 claims consist of all allowed secured claims of parties other than the Secured Lenders which are secured

1 by mechanic's liens or other statutory liens of equal priority
2 against the Debtor's real property assets. If the liens are
3 senior in priority to those of the Secured Lenders, they will
4 participate as allowed secured claims to the extent the collateral
5 has a value equal to or greater than the aggregate debt which the
6 lien secures, to the extent the liens are junior in priority to
7 the liens of the Secured Lenders, said claimants will only
8 participate as Class 8 claimants.

9 6. Class 5A consists of any other allowed claim
10 holding a lien or encumbrance against any asset of the Debtor;

11 7. Class 6A consists of the allowed claims of the
12 Bank Group (including any post-petition liens or priority claims
13 held as adequate protection for the pre-petition claims).

14 8. Class 6B consists of the allowed claims of the
15 Insurance Companies (including any post-petition liens or priority
16 claims held as adequate protection for the pre-petition claims).

17 9. Class 7 consists of all allowed unsecured claims,
18 other than Class 8 claims, including the allowed claims of those
19 entities or individuals claiming damages under an executory con-
20 tract or unexpired lease rejected during the reorganization case
21 or under the terms of the Plan, not entitled to priority under the
22 Bankruptcy Code in an amount of \$300.00 or less or as to which the
23 claimant agrees to reduce the claim to \$300.00 or less;

24 10. Class 8 consists of all allowed unsecured claims,
25 other than Class 7 claims, not entitled to priority under the
26 Bankruptcy Code that exceed \$300.00, including the allowed
27 unsecured portion of the claims held by members of Classes 5 and
28

///

1 5A, and claims of those entities or individuals for damages result-
2 ing from the rejection of executory contracts or unexpired leases
3 during the reorganization case or pursuant to the Plan; and

4 11. Class 9 claims consist of all allowed claims of
5 the equity security holder.

6
7 B. TREATMENT OF CLAIMS.

8 1. Unimpaired Claims, Classes 1, 2, 3, 4, 5, 5A and 7.

9 The claims of classes 1, 2, 3, 4, 5A and 7 are
10 unimpaired according to the terms of the Plan and will be paid
11 in cash in full upon confirmation or as soon as practicable after
12 confirmation and a final order of allowance, except to the extent
13 that the holder of any such claim has agreed in writing to a
14 different treatment. Class 5 claimants holding mechanics liens
15 that are determined to be senior to the liens of the Secured
16 Lenders shall retain their lien against the Debtor's assets and
17 after confirmation shall be free to pursue foreclosure actions of
18 their liens in an appropriate State Court forum. Upon the sale of
19 the refinery or the stock, the sale shall be free and clear of
20 such liens and the liens of claimants holding mechanics liens that
21 are senior to the liens of the Secured Lenders shall be transferred
22 to the proceeds of sale to the same extent and priority as existed
23 prior to the sale.

24 The lien of claimants holding mechanics liens that
25 are junior to the liens of the Secured Lenders will be voided in
26 accordance with Section 506 of the Bankruptcy Code and the

27 ///

28 ///

1 allowed unsecured claims of such claimants will receive a distrib-
2 ution as a member of Class 8.

3 All allowed claims included in class 5A shall receive in
4 satisfaction of the secured portion of their claims, at the option
5 of the Debtor, the property in which each claimant asserts a lien,
6 or full payment of the full amount of the allowed secured claim
7 determined in accordance with Section 506 as soon as practicable
8 after confirmation and final order of allowance.

9 2. Impaired Claims, Classes 6A and 6B, 8 and 9.

10 The claims of classes 6A and 6B, 8 and 9 are
11 impaired under the terms of the Plan and will receive a distribu-
12 tion consisting of the following:

13 a. CLASSES 6A and 6B.

14 Subject to the rights of Class 5 claimants
15 under the Plan, if, on or before confirmation, all of the assets
16 and interests of the Debtor have been sold or conveyed to a
17 purchaser, the Class 6A and 6B claimants will receive (except for
18 the Pre-Confirmation Distribution to the Insurance Companies and
19 the funds or assets made available to Classes 1, 2, 3, 4, 5A, 7
20 and 8) all of the assets and interests of the Debtor's estate,
21 including any proceeds from the transfer of any stock of the
22 Debtor (this in no way affects the obligation of the Bank Group to
23 Class 9 claimants as outlined below).

24 Subject to the rights of Class 5 claimants pursuant to
25 the Plan, if as of Confirmation, there has not been a sale or
26 transfer of the assets or interests, then the Class 6A and 6B
27 claimants will retain all of their security interests in the
28 Debtor's assets (except for the Pre-Confirmation Distribution to

1 the Insurance Companies and funds or assets made available to
2 Classes 1, 2, 3, 4, 5A, 7 and 8) and shall be entitled through the
3 Post Confirmation Arrangement (as that term is defined in the
4 Plan) to all proceeds from the disposition of any assets or
5 interests which may be held by the Debtor in Possession and from
6 the disposition of any stock in the Debtor (this in no way affects
7 the obligation of the Bank Group to Class 9 claimants as outlined
8 below).

9 Any proceeds for Class 6A and 6B claimants shall be
10 first used to repay any subsequent advances as that term is
11 defined in the Plan. Thereafter, the proceeds shall be divided
12 among the Bank Group and Insurance Companies pursuant to the terms
13 and allocations provided in their trust agreement and settlement
14 agreement. Any decisions to be made or actions to be taken by
15 the Class 6A and 6B claimants under the Plan or thereafter to
16 effectuate the provisions of the Plan will be made pursuant to the
17 procedures set forth in that certain settlement agreement dated as
18 of October 23, 1984 between the Class 6A and 6B claimants.

19 Pursuant to the Stipulation for Use of Cash Collateral
20 and Other Collateral between the Secured Lenders and the Debtor,
21 Class 6B claimants are entitled to certain pre-confirmation
22 distributions of cash collateral totalling \$2,100,000. As of the
23 date of this Amended Disclosure Statement, no such distributions
24 have yet been made.

25 b. CLASS 8.

26 All allowed claims in Class 8 shall be paid in
27 cash on a pro rata share of \$2,000,000 to be included in the
28

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1 deposit, which payment shall be in full settlement, satisfaction
2 and release of all such claims. In addition, upon confirmation
3 (as that term is defined in the Plan), all causes of action for
4 the recovery of preferences and fraudulent conveyances (excluding
5 any which may be asserted against the Secured Lenders and insiders
6 of the Debtor) shall pass to the Official Committee of Creditors
7 holding unsecured claims as a representative of the estate. Any
8 professional fees incurred by the Committee exceeding \$20,000 will
9 be paid out of the funds not recovered or otherwise available for
10 Class 8. The Debtor and any designated representative of the
11 estate specifically reserve the right to determine whether any
12 Class 8 claim should be subordinated pursuant to the provisions of
13 Section 726(a)(4) of the Bankruptcy Code.

14 c. CLASS 9.

15 The Class 9 equity security holder will
16 receive nothing from the Debtor. The equity security holder
17 shall receive from the Bank Group an amount equal to the following
18 percentages of any net proceeds:

19	20	21	22	23	24	25	26	27	28
		<u>Net Proceeds Realized by</u>							
		<u>Bank Group & Insurance Companies</u>							
		\$0-21.7-million							
		\$21.7-28.7-million							
		\$28.7-43.7-million							
		\$43.7-50.7-million							
		\$50.7-58.7-million							
		\$58.7-million							

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By way of illustration, if the net proceeds total \$50.7 million then the participation of the equity security holder will be \$2.9 million computed as follows: \$350,000 which is 5% of \$21.7 to \$28.7 million; plus \$1,500,000 which is 10% of \$28.7 to \$43.7 million; plus \$1,050,000 which is 15% of \$43.7 to \$50.7 million. This amount shall be reduced by the amount of compensation received by the three members of the Rothschild family after March 26, 1984. Payments to Class 9 shall be made upon the final and complete disposition of the Debtor's assets as that term is defined in the Plan; however, any disbursements may be made in accordance with an agreement containing provisions for an escrow substantially similar to that which is attached to the Plan as Exhibit "B."

C. AMOUNT OF CLAIMS.

The Debtor estimates the claims to consist of the following:

Class 1: Approximately \$750,000.

Class 2: Undetermined. The claims should not exceed \$500,000.

Class 3: Undetermined. The amount of claims is included in Class 2 above.

Class 4: Approximately \$ 5,900,000.
(See comment below)

Class 5: Approximately \$ 8,000,000.

Class 5A: Undetermined.

Class 6: Approximately \$282,500,000.

Class 7: Approximately \$ 36,000.

1 Class 8: Approximately \$ 37,200,000.

2 Class 9: Undetermined.

3
4 The amount of claim in Class 1 is only an estimate; all
5 professionals in this class must file an application for fees and
6 give notice to creditors.

7 The estimations for Class 4 and 5 claims include all
8 known alleged claims, the substantial majority of which are
9 disputed by the Debtor. The estimations do not include penalties
10 or interest which may also be asserted.

11 The estimation for Class 8 claims does not include
12 damage claims which may arise out of the rejection of unexpired
13 leases and executory contracts. However, the estimation does
14 include alleged claims which are contingent and unliquidated
15 arising out of pending litigation against the Debtor such as the
16 approximate claim of \$22,500,000 filed by the Department of
17 Energy.

18
19 D. RISK FACTORS.

20 The Debtor believes that the principal risk factor in
21 the Plan is in finding a qualified entity wishing to acquire the
22 Debtor's entire refining facility.

23
24 E. CREDITORS' COMMITTEE RECOMMENDATION.

25 Pursuant to an order of the Bankruptcy Court and Section
26 1102 of the Bankruptcy Code, an official unsecured creditors'
27 committee (the "Committee") was formed consisting of the repre-
28 sentatives of the following creditors:

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1. Ofcco Construction Co.
2. Macco Contractors, In.
3. San Diego Pipeline Co.
4. Crosby & Overton, Inc.
5. Rau & Rice Enterprises, Inc.
6. 415 Mid-Continent Tower
7. Southern Pacific Pipeline Inc.
8. Peter L. Lacombe
9. Charles R. Tatum
10. American Instrument
11. Union Oil Co. of California
12. Kilpatrick, Clayton, Myer & Madden

The Committee and its counsel have engaged in discussions and meetings with the Debtor and has carefully considered the Plan and possible alternatives. Based on such discussions and consideration, the Committee has recommended that the creditors accept the Plan.

THE FOREGOING IS ONLY A SUMMARY OF THE PLAN. YOU ARE URGED TO READ THE PLAN CAREFULLY AND INDEPENDENTLY EVALUATE ITS TERMS.

III.

PROPERTY AND ASSETS

A. CASH.

The Debtor, as of June 30, 1984, had the sum of approximately \$7,050,000.00 cash on hand.

1 B. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

2 All executory contracts or unexpired leases of the
3 Debtor which have not been specifically assumed by the Debtor as
4 authorized by Order of the Reorganization Court after a duly
5 noticed hearing before the Reorganization Court either prior to
6 confirmation of the Plan or after a hearing for which notice is
7 given within 45 days after the effective date of the Plan, will be
8 rejected.

9 In the event an executory contract or unexpired lease is
10 rejected, the Debtor is then released from all further liability
11 and obligations. The other contracting party may file a proof of
12 claim for any damage resulting from the rejection. Any party to
13 an executory contract or unexpired lease with the Debtor should
14 consult with his or her attorney rather than rely solely on this
15 general description of the legal consequences of the Debtor's
16 assumption or rejection of his or her contract or lease.

17
18 C. ACCOUNTS RECEIVABLE.

19 According to the Debtor's books and records, there
20 was approximately \$5,900,000 in accounts receivable outstanding
21 as of June 30, 1984. Collection efforts on all such accounts are
22 ongoing. The Debtor can make no representation as to what success
23 it will have in collecting these accounts, all the proceeds of
24 which are part of the collateral held by the Bank Group and the
25 Insurance Companies.

26 ///

27 ///

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1 D. LITIGATION.

2 The Debtor is engaged in a number of lawsuits relating
3 to its business; however, the Debtor does not believe that the
4 outcome of any will have any significant adverse effect on the
5 Plan or the distribution to creditors proposed by the Plan.

6 On June 25, 1984, the Reorganization Court ordered
7 that the Debtor had until June 30, 1984, and that the Official
8 Creditors' Committee had until June 31, 1984 to file a complaint
9 against the Secured Lenders challenging the amount of indebtedness
10 or the creation, attachment or perfection of the liens and security
11 interests held by the Secured Lenders. No such complaint was
12 filed.

13 On June 25, 1984, the Reorganization Court also ordered
14 that the Debtor had until August 31, 1984, and that the Official
15 Creditors' Committee had until September 17, 1984 to file a
16 complaint challenging the enforceability of the liens of the
17 Secured Lenders on any grounds whatsoever, including receipt of a
18 preferential transfer or fraudulent conveyance or upon the prin-
19 ciples of equitable subordination. No such complaint was filed.
20

21 E. INTERESTS IN PARTNERSHIP OR JOINT VENTURES.

22 The Debtor is engaged in a joint venture which has
23 contracted with the City of Long Beach, California for the produc-
24 tion of crude oil from that City's oil fields. The Debtor's
25 interest in this joint venture is valuable to the estate because
26 it provides a source of crude oil at prices which are currently
27 below market. The operation of the joint venture consistently
28

///
28

1 provides the Debtor with a monthly profit. Endeavors to market
2 this asset are currently under way.

3
4 F. REAL ESTATE AND PLANT OPERATION.

5 By reason of the depressed market conditions for both
6 gasoline and diesel and the Debtor's continuing difficulties in
7 acquiring and maintaining sufficient supplies of crude oil at
8 acceptable prices, the Debtor in consultation with the Secured
9 Lenders, has determined to wind down its refinery operation. This
10 wind down commenced in July of 1984, and was completed in September
11 1984. Existing supplies of crude were refined and the products
12 will be sold. The process units, storage tanks, terminals and
13 pipelines were mothballed expeditiously. The wind down mode has
14 been designed in such a way that the Debtor believes it will
15 maximize the likelihood of preserving the viability of the Debtor's
16 permits, licenses and franchises.

17 The Debtor will continue to employ a skeleton crew of
18 fifteen individuals for the purpose of maintaining and preserving
19 the physical plant, plus approximately ten administrative employ-
20 ees.

21 The Debtor is currently reviewing several proposals for
22 the effective marketing of its real estate and refinery operation.

23
24 IV.

25 LIQUIDATION

26
27 In the event the Debtor's Chapter 11 case is converted
28 to a liquidation case, the Debtor believes that the amount avail-

1 able for all Classes of claims will be less than is available
2 under the Plan. At present the secured claims, including those
3 subject to dispute, total approximately \$290,000,000. The fair
4 market value of the Debtor's assets, all of which are encumbered,
5 is significantly less than \$290,000,000. If the Debtor's assets
6 are liquidated, the Debtor believes there would be no money
7 available to pay claims, other than to those claimants holding
8 validly perfected security interests in the assets. Therefore,
9 the Debtor believes that its present Plan, in providing \$2,000,000
10 to unsecured creditors out of the net proceeds realized by secured
11 creditors, is in the best interest of creditors of this estate who
12 would not otherwise receive a distribution out of a liquidation.

13
14 V.

15 ACCEPTANCE AND CONFIRMATION OF
16 THE PLAN OF REORGANIZATION
17

18 Attached to the Plan accompanying this Disclosure State-
19 ment is a ballot. You are requested to return this ballot to the
20 address listed on the ballot indicating whether you accept or re-
21 ject the Plan. Space is provided on the ballot for your name, the
22 amount of your claim, and the class of claim which you hold. As
23 set forth above, the Committee recommends acceptance of this Plan.

24 If more than one-half in number and at least two-thirds
25 in amount of claims in any class vote to accept the Plan, that
26 class will be deemed to have accepted the Plan for purposes of
27 confirmation. For purposes of determining whether a class of
28 claims has accepted or rejected the Plan, only the votes of those

1 who have returned ballots will be considered. All ballots must be
2 returned no later than _____, 1984 to be considered for
3 voting purposes. If the requisite majority of voting classes
4 (classes 6A and 6B, 8 and 9) do not accept the Plan, the Debtor
5 will nevertheless seek confirmation of the Plan under the pro-
6 visions of 11 U.S.C. § 1129(b).

7 You are urged to consider the information contained
8 in this Disclosure Statement, the accompanying Plan of Reorgani-
9 zation and return the enclosed ballot no later than _____, 1984.

10
11 DATED: October 24, 1984

POWERINE OIL COMPANY,
Chapter 11 Debtor

12
13 By: GENDEL, RASKOFF, SHAPIRO &
14 QUITTNER
Attorneys for the Debtor
and Debtor in Possession

15
16 By: Herbert Katz

Herbert Katz

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Attorneys for Debtor and Debtor In Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:	)	BK NO. LA 84-07086-RM
	)	(Chapter 11)
POWERINE OIL COMPANY,)	
a California corporation,	)	DEBTOR'S FIRST AMENDED PLAN
	)	OF REORGANIZATION
)	
Debtor.	)	[No Hearing Set]

POWERINE OIL COMPANY, a California corporation, Debtor
in the above captioned proceeding ("Debtor"), proposes the follow-
ing Plan of Reorganization:

I.

INTRODUCTION

The Debtor's predecessor, Rothschild Oil Company, was
founded by Harry S. Rothschild in 1936 as a broker and distributor
of refined petroleum products in Southern California. Prior to
World War II, Rothschild Oil Company acquired a small cracking
unit in Santa Fe Springs, California and commenced refinery
operations at the site of the present refinery. The operations

1 continued to grow, and in 1959 they were spun off into a new
2 company, Powerine Oil Company. By the late 1970's the Debtor's
3 fixed plant consisted of an integrated system for receiving,
4 storing and refining crude oil, and for storing and distributing
5 finished products. The refinery had a capacity in excess of
6 44,000 barrels of crude oil per day, although it could only
7 process relatively light crudes at this rate of throughput.

8 Commencing in 1978, the Debtor began to borrow signifi-
9 cant sums of money in order to upgrade its refinery operations to
10 handle an expected need to refine heavier crudes containing more
11 sulfur. In 1978, the Debtor entered into an agreement with Aetna
12 Life Insurance Company ("Aetna"), the Equitable Variable Life
13 Insurance Company, the Equitable Life Assurance Society of the
14 United States (together "Equitable") and Teachers Insurance and
15 Annuity Association of America ("Teachers") (Aetna, Equitable and
16 Teachers are collectively referred to as the "Insurance Companies")
17 to borrow a total of \$21,000,000. In May of 1981, the Debtor
18 arranged to borrow up to an additional \$229,600,000 from the First
19 National Bank of Chicago, United California Bank (now First
20 Interstate Bank of California), Crocker National Bank Security
21 National Bank, First National Bank in Dallas (now Interfirst Bank
22 Dallas N.A.), Republic National Bank of Dallas (now RepublicBank
23 Dallas N.A.) and Banque de Paris et des Pays-bas (now Banque
24 Paribas) (hereafter collectively referred to as the "Bank Group").
25 At the time of the loan by the Bank Group, the Bank Group and the
26 Insurance Companies (hereafter collectively referred to as the
27 "Secured Lenders") entered into a Trust Agreement and Collateral
28

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1 Sharing Agreement by which they agreed to share a joint security
2 interest in substantially all of the assets of the Debtor. Under
3 their Collateral Sharing Agreement and Trust Agreement, Union Bank
4 was appointed as Trustee to act on behalf of the Secured Lenders
5 as a single group.

6 Unfortunately, the expected increase in demand for the
7 refining of heavy sour crudes did not materialize. Indeed, in the
8 early 1980's margins in the refinery industry fell drastically and
9 by 1983 the Debtor was having difficulty meeting interest payments
10 on the loans to the Secured Lenders. On March 26, 1984 the Debtor
11 filed the petition initiating this case under Chapter 11 of the
12 Bankruptcy Code.

13 At the time of the filing of the petition in this case,
14 the Company owed approximately \$18,500,000 to the Insurance
15 Companies and approximately \$264,000,000 to the Bank Group,
16 including post-petition advances made by the Bank Group on pre-
17 petition letters of credit. The approximate amount owing by the
18 Debtor to the unsecured creditors is \$21,000,000. Additionally,
19 the Department of Energy asserts that is owed approximately
20 \$22,500,000.00, which includes approximately \$11,700,000.00
21 interest. The Debtor disputes this claim. There are also disputed
22 mechanics lien claims of approximately \$8,000,000.

23 The Company's major tangible asset is its refinery and
24 associated property, plus certain cash collateral consisting
25 primarily of accounts receivable, crude products and cash. The
26 Debtor also believes that there is substantial value inherent in
27 certain intangibles: its net operating loss carry forward (which
28 currently exceeds \$145,000,000); its investment tax credits carry

1 forward which presently exceeds \$20,000,000; its permits to
2 operate a refinery in the Southern California area, which permits
3 will be very difficult to obtain in the future; its permits and
4 franchises for the operations of pipelines and terminals; and
5 certain fully paid up licenses to use patented processes in its
6 refining operations which might require substantial investments to
7 obtain at the present time. The Debtor believes that the transfer
8 of these intangible assets will be greatly simplified if a sale
9 of the refinery could be accomplished through a sale of the
10 Debtor's existing stock, all of which is owned by Powerine Enter-
11 prises, a California corporation.

12 It is apparent to the Debtor and to the Secured Lenders,
13 who hold a pre-petition security interest in substantially all of
14 the assets of the Debtor, that the assets cannot be sold for a
15 sufficient amount to cover all of the claimed secured debt which,
16 with the approximate \$8,000,000 disputed secured claims, aggregates
17 approximately \$290,000,000. The Secured Lenders and the Debtor
18 anticipate that a sale of the assets to a user/buyer could bring
19 substantially more than would be realized from a straight liquida-
20 tion sale. For over a year preceding the filing of the petition
21 efforts were made by the Debtor to find a user/buyer but none had
22 been found as of the date of the commencement of this reorganiza-
23 tion case on March 26, 1984. The Secured Lenders have supported
24 the Debtor In Possession in a program for the wind down and
25 termination of the operations of its refinery which the parties
26 believe will preserve its ongoing business value and still minimize
27 the losses. The parties also believe that the net operating
28

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1 losses experienced by the Debtor during the past few years would
2 be of significant interest to a user/buyer.

3 The Debtor believes that the provisions of this Plan
4 will assist in the preservation of the value of the operating
5 permits, the pipeline franchises, and the paid up licenses, and
6 the potential value of the Net Operating Loss.

7
8 II.

9 DEFINITION OF TERMS

10
11 When used in this Plan of Reorganization the following
12 terms shall have the meanings specified below:

13 BANK GROUP: The First National Bank of Chicago, First
14 Interstate Bank of California, Crocker National Bank, Security
15 Pacific National Bank, Interfirst Bank Dallas, N.A., Republicbank
16 Dallas, N.A. and Banque Paribas, collectively.

17 BANK GROUP EXPENSES: All advances by the Bank Group or
18 members of the Bank Group on letters of credit outstanding at the
19 commencement of the Chapter 11 case, and all costs and expenses
20 (except payments to Class 9 claimants) incurred by the Bank Group
21 in connection with the preservation, operation or disposition of
22 collateral, other assets of the Debtor or the Debtor's stock
23 (including all advances after Confirmation to preserve or operate
24 the refinery until Final and Complete Disposition) and all costs
25 and expenses incurred by the Bank Group in the assertion or
26 protection of the interests of the Bank Group (such as costs of
27 litigation, appearances in the Reorganization case, and the
28 negotiation and confirmation of the Plan, etc.) but not including

1 costs incurred or liabilities adjudicated in connection with
2 disputes within, among or between the Class 6 Claimants, the
3 members of the Bank Group, or any of the Insurance Companies. By
4 this exclusion it is intended that Bank Expenses shall not include
5 costs and expenses relating to controversies and/or litigation
6 between the Bank Group and the Insurance Companies, which arise
7 out of or relate to their respective rights and obligations to
8 administer or enforce their claims against the Debtor and their
9 security interests in the assets of the Debtor under the various
10 loan, trust, collateral sharing and related agreements. However,
11 Bank Expenses shall include costs or expenses relating to disputes,
12 controversies and/or litigation by any creditor or representative
13 of the estate against the Bank Group or Insurance Companies,
14 including any action asserted by any Insurance Company in its
15 capacity as a general creditor (secured or unsecured) of the
16 estate, or as a representative of the estate.

17 BANKRUPTCY COURT: The United States Bankruptcy Court
18 for the Central District of California, before which Debtor's
19 Reorganization case is pending, or any successor court, including
20 the United States District Court, which may subsequently take over
21 jurisdiction of this reorganization case.

22 CLAIM: Any right to payment from Debtor arising before
23 the Effective Date, whether such right is reduced to judgment,
24 liquidated, unliquidated, fixed, contingent, matured, unmatured,
25 disputed, undisputed, legal, equitable, secured, or unsecured; or
26 any right arising before the Effective Date to an equitable remedy
27 for breach of performance when such breach gives right to payment
28

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1 from Debtor, whether such right is reduced to judgment, liquidated,
2 unliquidated, fixed, contingent, matured, unmatured, disputed,
3 undisputed, legal, equitable, secured or unsecured.

4 CONFIRMATION: The date on which the Order of Confirma-
5 tion by the Bankruptcy Court has become final and nonappealable
6 or, at the sole option of the Secured Lenders, a point in time
7 after the entry of the Order of Confirmation but prior to the time
8 when such order has become final and nonappealable.

9 COMPENSATION: The gross amount of any salary, bonus
10 or dividend paid to the Rothschilds in any manner, directly or
11 indirectly, or to be paid in the future under any prior or
12 present employment agreement, or any distribution on a creditor's
13 claim arising as a result of any termination of a prior or present
14 employment agreement.

15 DEBTOR: Powerine Oil Company, a California corpora-
16 tion, Debtor and Debtor In Possession in this Reorganization
17 Case.

18 DISBURSING AGENT: The disbursing agent designated in
19 the Order of Confirmation.

20 EFFECTIVE DATE: The point in time at which the Post
21 Confirmation Arrangement is no longer operative.

22 EQUITY SECURITY HOLDER: Powerine Enterprises, a
23 California corporation, which is the sole holder of an interest
24 in the capital stock of the Debtor, or any other equity security
25 interest of the Debtor as defined in Bankruptcy Code Section
26 101(15).

27 ///

28 ///

1 FAIR RATE OF RETURN: One Hundred Ten percent (110%)
2 of the Corporate Base Rate as determined from time to time by
3 First National Bank of Chicago.

4 FINAL AND COMPLETE DISPOSITION: When the Bank Group
5 is disbanded or dissolved in relation to its present liens and
6 claims against Powerine, and in relation to any loans or other
7 extensions of credit made by the Bank Group as a whole to facili-
8 tate a sale or other disposition of the stock or assets of
9 Powerine.

10 INSURANCE COMPANIES: Aetna Life Insurance Company,
11 The Equitable Assurance Society of the United States, Equitable
12 Variable Life Insurance Company and Teachers Insurance and
13 Annuity Association of America, collectively.

14 NET PROCEEDS: The funds applied by the Class 6 A and
15 6 B claimants against their pre-chapter 11 claims from any of the
16 following:

17 1. All proceeds received by Class 6 A and 6 B claimants
18 under this Plan,

19 2. All payments on policies of Title Insurance insuring
20 the Deed of Trust on the Debtor's refinery held in favor of the
21 Class 6 A and 6 B claimants by the Union Bank as trustee, and

22 3. All proceeds from any present or newly issued stock
23 in the Debtor or any of the Debtor's assets and other interests;
24 less (a) all Subsequent Advances by the Bank Group or Insurance
25 Companies including a Fair Rate of return on such advances, and
26 (b) all Bank Group Expenses including a fair rate of return on
27 such advances. Net Proceeds expressly includes any deferred
28 payments or any other consideration received before or after the

1 Effective Date by the Class 6 A and 6 B claimants from Debtor's
2 assets or from the Debtor's stock.

3 ORDER OF CONFIRMATION: The Order of the Bankruptcy
4 Court and the supervising or referring United States District
5 Court confirming the Plan pursuant to Bankruptcy Code Section
6 1129.

7 PLAN: This Amended Plan of Reorganization in its
8 present form or as it may be amended or modified from time to time
9 pursuant to an Order of the Bankruptcy Court.

10 POST-CONFIRMATION ARRANGEMENT: Except for the assets
11 transferred pursuant to the Pre-Confirmation Distribution and
12 those made available to the Disbursing Agent pursuant to Article
13 VIII(B) below, upon Confirmation of the Debtor's Plan, the Debtor
14 will continue to hold, manage and control its assets as a Debtor
15 In Possession subject to the terms and conditions contained in the
16 Stipulation for Use of Cash Collateral and Other Collateral
17 between the Debtor and Secured Lenders which was approved by Court
18 order entered October __, 1984 or as contained in any subsequent
19 order effecting the Post-Confirmation Arrangement.

20 Subject to approval by the Secured Lenders, the Debtor
21 shall designate an individual or individuals to manage the Debtor's
22 business and assets while the Post-Confirmation Arrangement is
23 operative. During the Post-Confirmation Arrangement the Debtor
24 In Possession shall have the authority to pay all administrative
25 expenses or claims that accrue from Confirmation to the Effective
26 Date.

27 ///

28 ///

1 The Post Confirmation Arrangement will continue until
2 the time when the following events have occurred in the following
3 order, at the election of the Secured Lenders:

4 1. The Debtor's refinery and all other assets or
5 corporate stock are sold; or

6 2. The Secured Lenders direct the Debtor In Possession
7 to conduct an auction sale of its refinery and all other assets
8 either as a unit or in a piecemeal sale; or

9 3. The Debtor In Possession surrenders or abandons all
10 or a portion of its assets as directed by the Secured Lenders.

11 In the event the Secured Lenders elect to require the
12 Debtor In Possession to abandon or surrender all or a portion of
13 its assets, the abandonment or surrender will either be to the
14 Secured Lenders or to the Debtor In Possession, in which latter
15 case the Secured Lenders will release all of their liens. Title
16 and possession of the assets abandoned or surrendered will pass to
17 the entity to whom the property is abandoned or surrendered. The
18 party or parties to whom any of the assets are abandoned or
19 surrendered will be at the sole election of the Secured Lenders.

20 The Debtor's stock, which is held by Powerine Enter-
21 prises, a California corporation, shall be endorsed without
22 designating the endorsee and transferred to Union Bank which shall
23 hold the stock as additional security for the Secured Lenders. In
24 the event the refinery is abandoned to the Debtor, the stock shall
25 be returned to Powerine Enterprises. Otherwise Union Bank shall
26 hold the stock and take instructions pursuant to the agreement(s)
27 between the Secured Lenders and Union Bank.

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1 The Debtor In Possession and Powerine Enterprises agree
2 that any disposition or transfer of the stock as directed by the
3 Secured Lenders and effected by Union Bank shall constitute a
4 commercially reasonable sale of the stock pursuant to the require-
5 ments of Division 9 of the California Commercial Code, and Powerine
6 Enterprises waives any right to notice of any disposition of the
7 stock and all of the other rights of a debtor under Division 9 of
8 the California Commercial Code.

9 The law firm of Gendel, Raskoff, Shapiro & Quittner will
10 continue to represent the Debtor and Debtor In Possession during
11 the Post-Confirmation Arrangement. The law firm will send the
12 Debtor In Possession monthly statements for fees and costs on its
13 regular billing cycle. The Secured Lenders will also be sent a
14 copy of the law firm's monthly statement and shall have ten (10)
15 days from the date of the statement to object to its payment.
16 Absent an objection, the Debtor In Possession will pay the fees
17 and costs. The law firm will apply every six (6) months to the
18 Bankruptcy Court for approval of the fees and costs paid during
19 the Post Confirmation Arrangement.

20 PRE-CONFIRMATION DISTRIBUTION: Distributions of Seques-
21 tered Funds or other cash collateral to the Insurance Companies or
22 to a trust account for the benefit of the Insurance Companies made
23 prior to confirmation of the Debtor's Plan and pursuant to the
24 Bankruptcy Court's Order approving the Debtor's Stipulation for
25 Use of Cash Collateral and Other Collateral. Funds so distributed
26 total \$2,100,000.00.

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1 PURCHASER: A party or parties, other than an affil-
2 iate of the Bank Group or Insurance Companies, to whom all of
3 the Debtor's present or newly issued stock or assets are trans-
4 ferred by the Debtor, or by the Bank Group and Insurance Com-
5 panies before or after the Effective Date.

6 REORGANIZATION CASE: This reorganization case which
7 commenced on March 26, 1984 and is designated as Case No. LA 84
8 07086 (RM) and which is presently pending before the Bankruptcy
9 Court.

10 ROTHSCHILDS: Harry R. Rothschild, Harry S. Rothschild
11 and Peter B. Rothschild, collectively.

12 SEQUESTERED FUNDS: Funds sequestered by the Debtor
13 pursuant to Court order in an account subject to the claims of the
14 Insurance Companies. The funds were ordered to be sequestered in
15 connection with numerous disputes among the Debtor, the Bank Group
16 and Insurance Companies relating to the right of the Debtor to use
17 cash collateral.

18 SUBSEQUENT ADVANCES: All post-petition advances (less
19 any amounts received by Class 6 A or 6 B claimants and applied
20 against such advances) made by the Bank Group or Insurance Com-
21 panies in accordance with their settlement agreement dated as of
22 October 23, 1984 to the Debtor including, but not limited to, DIP
23 financing, all advances on letters of credit, if any, issued to
24 the Debtor as Debtor In Possession after the commencement of the
25 chapter 11 case, and amounts paid or advanced to or on behalf of
26 the Debtor to fund this Plan (except any payments to the Class 9
27 claimant). No such advances have been made as of the date of
28 filing this Amended Plan.

III.

CLASSIFICATION OF CLAIMS AND EQUITY SECURITY INTERESTS

Claims and Equity Security Interests are placed in the following classes, which are set forth in order of their priority;

CLASS 1: Allowed unsecured claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(1). Class 1 claims consist of the costs and expenses of administration of the Reorganization Case through the date of Confirmation, including reimbursement for the expenses of and compensation for services rendered by the appointed attorneys and other professional persons employed by the Debtor, in such amounts as may be allowed by the Bankruptcy Court.

CLASS 2: Allowed unsecured claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(3). Class 2 claims consist of claims for wages, salaries, or commissions, including vacation, severance, and sick leave pay, earned by an individual during the 90-day period prior to the commencement of the Reorganization Case in such amounts, not to exceed \$2,000 for each such individual, as may be allowed by the Bankruptcy Court.

CLASS 3: Allowed unsecured claims entitled to priority under Bankruptcy Code Section 507(a)(4). Class 3 claims consist of claims for contributions to employee benefit plans arising from services rendered during the 180 day period prior to the commencement of the Reorganization Case in such amounts limited for each individual to the unused portion of that individual's \$2,000

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1 allowance for a Class 2 claim, as may be allowed by the Bankruptcy
2 Court.

3 CLASS 4: Allowed unsecured claims entitled to priority
4 pursuant to Bankruptcy Code Section 507(a)(6). Class 4 claims
5 consist of unsecured claims of governmental units for taxes or
6 duties of the kind specified in Bankruptcy Code Section 507(a)(6),
7 in such amounts as may be allowed by the Bankruptcy Court.

8 CLASS 5: Allowed secured claims of parties other than
9 the Bank Group and Insurance Companies which are secured by a
10 mechanics lien or other statutory liens of equal priority against
11 the Debtor's real property assets. If the liens are senior in
12 priority to those of the Secured Lenders, they will participate as
13 allowed secured claims to the extent the collateral has a value
14 equal to or greater than the aggregate debt which the lien secures.
15 To the extent the liens are junior in priority to the liens of the
16 Secured Lenders, said claimants will only participate as Class 8
17 claimants.

18 CLASS 5A: The Debtor will identify every party that
19 the Debtor knows of which holds or asserts a lien or encumbrance
20 on any asset of the Debtor. This class will only cover the
21 secured portion of such claims.

22 CLASS 6A: The allowed secured and unsecured claims of
23 the Bank Group (including any post petition liens or priority
24 claims held as adequate protection for the pre-petition claims).

25 CLASS 6B: The allowed secured and unsecured claims of
26 the Insurance Companies (including any post-petition liens or
27 priority claims held as adequate protection for pre-petition
28 claims).

1 CLASS 7: Allowed unsecured claims, other than Class 8
2 claims, not entitled to priority under the Bankruptcy Code which
3 are in the amount of \$300 or less or as to which the claimant
4 agrees to reduce his claim to \$300 or less, including the allowed
5 claims of those entities or individuals claiming damages under
6 executory contracts rejected during the Reorganization Case or
7 under the terms of the Plan.

8 CLASS 8: Allowed unsecured claims, other than Class 7
9 claims, not entitled to priority under the Bankruptcy Code that
10 exceed \$300, including the allowed unsecured portion of the
11 claims held by the members of Classes 5 and 5A, and claims of
12 those entities or individuals for damages resulting from the
13 rejection of executory contracts during the reorganization case
14 or pursuant to the Plan. The Debtor and any designated repre-
15 sentative of the estate specifically reserves the right to deter-
16 mine whether any Class 8 claim should be subordinated pursuant to
17 the provisions of 11 U.S.C. § 726(a)(4).

18 CLASS 9: Allowed claims of the Equity Security Holders.
19

20 IV.

21 CLAIMS NOT IMPAIRED

22
23 The claims of Classes 1, 2, 3, 4, 5, 5A and 7 are un-
24 impaired according to the terms of this Plan.

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V.

CLAIMS IMPAIRED

The claims of Classes 6A, 6B, 8, and 9 are impaired under the terms of this Plan.

VI.

TREATMENT OF NON-VOTING (UNIMPAIRED) CLASSES

All allowed claims included in Classes 1, 2, 3, 4, and 7 shall be paid by the Disbursing Agent (from such cash or other assets as are deposited with the Disbursing Agent under paragraph VIII B(1) of this Plan) as soon as practicable after Confirmation and a final order of allowance, except to the extent that the holder of any such claim has agreed in writing to a different treatment.

Claimants holding mechanics liens that are determined to be senior to the liens of the Secured Lenders shall retain their lien against the Debtor's assets and, after Confirmation, shall be free to pursue actions to foreclose their liens in an appropriate State Court forum. Upon the sale of the refinery or the stock, the sale shall be free and clear of such liens and the liens of claimants holding mechanics liens that are senior to the lien of the Secured Lenders shall be transferred to the proceeds of sale to the same extent and priority as existed prior to the sale.

The lien of claimants holding mechanics liens that are junior to the liens of the Secured Lenders will be voided in

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1 accordance with Section 506 of the Bankruptcy Code and the allowed
2 unsecured claims of such claimants will receive as distribution as
3 a member of Class 8.

4 All allowed claims included in Class 5A shall receive in
5 satisfaction of the secured portion of their claims, at the option
6 of the Debtor, the property in which each claimant asserts a lien,
7 or payment from the Disbursing Agent of the full amount of the
8 allowed secured claim as soon as practicable after Confirmation
9 and final order of allowance.

10
11 VII.

12 TREATMENT OF VOTING CLASSES

13
14 A. CLASS 6 - CLAIMS OF THE BANK GROUP AND THE INSURANCE
15 COMPANIES.

16 1. Subject to the rights of Class 5 claimants pursuant
17 to this Plan, if on or before Confirmation, all of the assets and
18 interests of the Debtor have been sold and conveyed to a Purchaser
19 such that there has been a Final and Complete Disposition, then
20 the Class 6 A and 6 B claimants shall receive upon Confirmation,
21 except for the Pre-Confirmation Distribution and the funds or
22 assets made available to the Disbursing Agent for Classes 1, 2, 3,
23 4, 5A, 7 and 8 in accordance with paragraph VIII B of this Plan,
24 all the assets and interests in the Debtor's estate including all
25 proceeds from the sale or conveyance of any stock in the Debtor,
26 provided, however, that the obligation of the Bank Group to the
27 Class 9 claimants as set forth below shall survive Confirmation.

28 ///

2. Subject to the rights of Class 5 claimants pursuant to this Plan, if as of Confirmation there has not been a Final and Complete Disposition, then the Class 6 A and 6 B claimants shall retain all their security interests in the Debtor's assets, except for the Pre-Confirmation Distribution and the funds or assets made available to the Disbursing Agent for Classes 1, 2, 3, 4, 5A, 7 and 8 in accordance with paragraph VIII B of this Plan, and shall be entitled through the Post-Confirmation Arrangement to all the proceeds from the disposition of any assets or interests which may be held by Debtor In Possession, and from the disposition of any stock in the Debtor presently or hereafter issued, provided, however, that the obligation of the Bank Group to the Class 9 claimants as set forth below shall survive Confirmation. On Confirmation all present stock or newly issued stock in the Debtor, and all the Debtor's assets and other interests shall be conveyed to the Post-Confirmation Arrangement.

3. Any proceeds for the Class 6A and 6B claimants under paragraphs 2 and 3 above shall first be used to repay any Subsequent Advances, and then divided among the Bank Group and Insurance Companies pursuant to the terms and allocations provided in the trust agreement, and settlement agreement. Any decisions to be made or actions to be taken by the Class 6A and 6B claimants under this Plan or thereafter to effectuate the provisions of this Plan shall be made pursuant to the procedures set forth in that certain settlement agreement dated as of October 23, 1984 between the Class 6 A and 6 B claimants.

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1 B. CLASS 8 - ALLOWED UNSECURED NON-PRIORITY CLAIMS IN
2 EXCESS OF \$300

3 All allowed claims in Class 8 shall be paid in cash on
4 pro-rata share of \$2,000,000 to be included in the deposit, which
5 payment shall be in full settlement, satisfaction and release of
6 all such claims. In addition, upon Confirmation, all causes of
7 action for the recovery of preferences and fraudulent conveyances
8 (excluding any which may be asserted against the Secured Lenders
9 and insiders of the Debtor) shall pass to the Official Committee
10 of Creditors holding unsecured claims as a representative of the
11 estate pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code.
12 Any professional fees incurred by the Committee, up to \$20,000.00,
13 will be paid by the Disbursing Agent. Professional fees exceeding
14 that amount will be paid from the funds so recovered or otherwise
15 available for Class 8. All such fees will be subject to Bankruptcy
16 Court review and approval.

17
18 C. CLASS 9 EQUITY SECURITY HOLDER

19 Class 9 shall receive no distribution from the Debtor.
20 Upon Confirmation, mutual general releases in a form substantially
21 similar to that attached hereto as Exhibit A (or such other
22 form as may be mutually agreed to by the parties) shall be ex-
23 changed between the Equity Security Holder, its shareholders and
24 Rothschilds on the one hand, and the Secured Lenders on the other.
25 The Equity Security Holder shall receive from the Bank Group an
26 amount equal to the following percentages of any Net Proceeds:

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NET PROCEEDS REALIZED
BY BANK GROUP &
INSURANCE COMPANIES

PERCENTAGE PAYABLE
TO SHAREHOLDER

\$ 0 - 21.7 - Million	0
\$ 21.7 - 28.7 - Million	5
\$ 28.7 - 43.7 - Million	10
\$ 43.7 - 50.7 - Million	15
\$ 50.7 - 58.7 - Million	12.5
\$ 58.7 Million +	10

By way of illustration if the Net Proceeds total \$50.7 million then the participation of the Equity Security Holder would be \$2,900,000 computed as follows: \$350,000 which is 5% of \$21.7 to \$28.7 million; plus \$1,500,000 which is 10% of \$28.7 to \$43.7 million; plus \$1,050,000 which is 15% of \$43.7 to \$50.7 million. The amount due the Equity Security Holder hereunder shall be reduced by the amount of Compensation received by the Rothschilds from Powerine Oil Company or the Debtor from or after March 26, 1984. The distribution of a percentage of the Net Proceeds to the Equity Security Holder shall be made from, and of a like kind as the proceeds held by the Bank Group. Payment shall be made upon final and complete disposition, provided that interim disbursements may be made in accordance with an Agreement which will contain provisions for an escrow substantially similar to that which is attached as Exhibit "B" (or such other form as may be mutually agreed to by the parties).

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VIII.

MEANS FOR EXECUTION OF THE PLAN

The Plan shall be executed by means of the following, which shall be deemed to have transpired upon Confirmation:

A. TRANSFER OF STOCK AND ASSETS

With the exception of the Pre-Confirmation Distribution and those assets of Debtor transferred to the Disbursing Agent pursuant to the provision of paragraph VIII B below, upon Confirmation all assets and capital stock of the Debtor shall be held or transferred pursuant to the Post-Confirmation Arrangement for the benefit of the Secured Lenders.

B. DEPOSIT OF FUNDS WITH DISBURSING AGENT AND PRE-CONFIRMATION DISTRIBUTION

1. Upon Confirmation, cash or other assets of the Debtor shall be deposited with the Disbursing Agent for the payments to be made to classes 1, 2, 3, 4, 5A, 7 and 8 in an amount and manner to be fixed by the Bankruptcy Court. It is expressly recognized that the Secured Lenders shall not be required to advance any funds to provide this deposit. The Disbursing Agent shall place the funds in an interest bearing account until the amount and manner of payment is fixed by the Bankruptcy Court. All interest earned on the deposit for Class 8 claimants shall inure to the benefit of that class. The Disbursing Agent shall return to the Post-Confirmation Arrangement any funds including interest remaining after the payment of all allowed claims.

1 2. Upon Confirmation, the Debtor In Possession shall
2 cause any remaining Pre-Confirmation Distribution in the trust
3 account to be released to the Insurance Companies.

4
5 C. IMPLEMENTATION OF PLAN

6 1. Notwithstanding any other provisions of this Plan
7 of Reorganization, claims objected to by the Debtor or by any
8 other party in interest shall be paid in accordance with the
9 treatment of claims of that class under the Plan to the extent
10 allowed by final order of the Court.

11 2. In the event of a sale or other disposition of the
12 Debtor's assets pursuant to the Post Confirmation Arrangement, the
13 liens of Class 5 claimants that are senior to the liens of the
14 Secured Lenders shall be transferred to the proceeds of sale to
15 the same extent and priority as existed. Said liens shall be paid
16 cash in full when the extent and priority of such liens are
17 determined by a final, nonappealable State court order or judgment.

18
19 IX.

20 EFFECT OF CONFIRMATION

21
22 On Confirmation, the Debtor and its property shall be
23 released and discharged from any and all claims or interests of
24 the holders of claims or the Equity Security Holder, except as
25 otherwise provided in the Plan or Order of Confirmation. Any and
26 all claims or causes of actions which are held exclusively by the
27 Debtor's estate under the Bankruptcy Code including, but not

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1 limited to, claims to recover preferential transfers, to set aside
2 fraudulent conveyances, and to equitably subordinate claims shall,
3 except as provided in paragraph VII B above and claims under 11
4 U.S.C. §§ 542 and 543, be forever waived and released by the
5 Debtor and the estate, and such claims may not thereafter be
6 pursued by any other representative of the estate or creditor of
7 the estate. Upon Confirmation, the assets of the estate shall
8 remain vested in the Debtor In Possession pursuant to the Post-
9 Confirmation Arrangement. Upon the Effective Date, any such
10 assets not previously disposed of by the Post-Confirmation Arrange-
11 ment shall revert in the Debtor.

12
13 X.

14 MODIFICATION OF PLAN

15
16 The Debtor may propose amendments or modifications of
17 the Plan at any time prior to Confirmation if the Bankruptcy Court
18 determines in accordance with Bankruptcy Rule 3019 that the
19 proposed modification does not materially or adversely affect the
20 interest of any holder of a Claim or the Equity Security Holder
21 who has not in writing accepted such modification. If the Bank-
22 ruptcy Court makes such a determination and approves such a
23 modification, it shall be deemed accepted by all holders of Claims
24 or the Equity Security Holder who have previously accepted the
25 Plan.

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XI.

PROVISIONS REGARDING EXECUTORY CONTRACTS

Any executory contract or unexpired lease of Debtor which has not already been or which is not assumed by the Debtor within 45 days following Confirmation shall be deemed to have been rejected by the Debtor.

XII.

DEFAULT UNDER THE PLAN

The failure of the Debtor to deposit, deliver or pay any cash or other assets required to be paid or delivered to effectuate this Plan shall constitute an event of default within the meaning of § 1112(b)(8) of the Bankruptcy Code.

XIII.

JURISDICTION OF THE COURT

As of Confirmation, the Bankruptcy Court shall retain such jurisdiction as is necessary and appropriate to implement the provisions of this Plan, including but not limited to the following:

1. The classification of any claim and the reexamination of claims which have been allowed as of the Date of Confirmation;

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2. Hearing and determining any objection made by the Debtor to any claim (including claims arising from the rejection of any executory contract) or Equity Security Interest. The failure by the Debtor to object to, or to examine, any claim for the purposes of voting shall not be deemed to be a waiver of the Debtor's right to object to, or to examine, any claim for purposes of determining allowability;

3. Determination of all questions and disputes regarding title to the assets of the estate;

4. The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan;

5. The modification of this Plan after confirmation pursuant to the Bankruptcy Rules, the Bankruptcy Code, and the rules of the Bankruptcy Court;

6. To enforce and interpret the terms and conditions of this Plan;

7. Entry of any Order including injunctions, necessary to enforce the title, rights and powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary to protect the Debtor from actions taken by the holders of Claims arising before the Petition Date;

8. To hear and determine any adversary proceedings brought under 11 U.S.C. §§ 542 or 543 by the Debtor In Possession;

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1 9. To hear and determine any adversary proceeding
2 brought under 11 U.S.C. §§ 547 or 548 by the Creditor's Committee
3 as authorized by this Plan;

4 10. To make the allowance of fees to all professionals
5 for services in this case in accordance with the Bankruptcy
6 Code including Post-Confirmation administrative claims;

7 11. Entry of an Order concluding and terminating this
8 case;

9 12. The retention of such jurisdiction as is neces-
10 sary to implement, maintain and preserve the Post-Confirmation
11 Arrangement.

12
13 DATED: October 24, 1984

POWERINE OIL COMPANY
Debtor and Debtor In Possession

By: GENDEL, RASKOFF, SHAPIRO &
QUITTNER, Attorneys for Debtor
and Debtor In Possession

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16
17 By: 
18 HERBERT KATZ
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EXHIBIT A

MUTUAL GENERAL RELEASE

This Mutual General Release is made and entered into by and between _____ (the "Class 6 Claimant") on the one hand and Powerine Enterprises, a California corporation, Harry R. Rothschild, Peter B. Rothschild, and Harry S. Rothschild, both individually as trustees of certain trusts [specifically identified] which hold stock in Powerine Enterprises (collectively, the "Former Equity Interests") on the other.

As used herein, "Claims" shall mean any and all claims, demands, agreements, contracts, covenants, representations, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, fees, costs, expenses, accounts, damages, judgments, losses, injuries and liabilities of whatsoever kind or nature in law, equity or otherwise, known or unknown, suspected or unsuspected, asserted or unasserted, matured or unmatured, liquidated or unliquidated, and whether or not concealed or hidden, based upon any facts, acts or omissions occurring prior to the date hereof in any way involved in, arising out of or related to any actions taken or not taken in any way connected to or related to Powerine Oil Company, a California corporation ("Powerine") or which arose in the course of the involvement of any party with Powerine.

NOW, THEREFORE, for and in consideration of the execution and delivery of this Mutual General Release, and other good and valuable consideration, receipt of all of which is hereby acknowledged, the parties hereby agree as follows:

1. The Class 6 Claimant does hereby fully and forever remise, release and discharge the Former Equity Interests, and each of them, of and from any and all Claims which the Class 6 Claimant, or any of them, have had, may have had, or now have against the Former Equity Interests or any of them.

2. The Former Equity Interests, and each of them, do hereby fully and forever remise, release and discharge the Class 6 Claimant and each of them of and from any and all Claims which the Former Equity Interests or any of them have had, may have had, or now have against the Class 6 Claimant or any of them.

3. The release of any party herein shall include a release of that party and each and all of its present and former directors, officers, trustees, beneficiaries, employees, agents, shareholders, attorneys, heirs, executives, successors and assignees, in both their individual and representative capacities. Each party also represents that it is granting the release herein on behalf of all such parties in their respective representative capacities.

4(a). IT IS EXPRESSLY UNDERSTOOD that Section 1542 of the Civil Code of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

(b) . The provisions of Section 1542 of the Civil Code of California, if in any way applicable to this Mutual General Release, as well as any similar provisions of the law of California or any other jurisdiction, ARE HEREBY KNOWINGLY AND VOLUNTARILY WAIVED AND RELINQUISHED by all parties hereto, and each of them. Each of the parties acknowledges that he or it, or his or its representatives, may hereafter discover facts in addition to or different from those which he or it now believes concerning the subject matter of this Mutual General Release, and that notwithstanding any such new or different facts, the general mutual release contained herein shall remain effective. Such parties acknowledge and agree that this waiver is an essential and material term of this Mutual General Release without which said consideration would not have been given and delivered. All of the parties have been advised by their respective legal counsel regarding this release and waiver and understand and acknowledge the significance and consequences of this release and waiver of Section 1542.

5. The parties hereby acknowledge and agree that this is a compromise settlement which is not in any respect nor for any purpose to be deemed or construed to be, or in any way to be used as evidence of, any admission or concession of any liability whatsoever on the part of any of them or any other person, firm or corporation whatsoever.

6. The Class 6 Claimant on the one hand and the Former Equity Security Interests and each of them, on the other hand (a) warrant and represent that: (i) such party has not assigned nor in any way conveyed, transferred or encumbered all or any portion of the Claims or rights covered by this Mutual General Release and (ii) this Mutual General Release has been duly authorized, executed and delivered on behalf of such party and is a valid and enforceable agreement as to such party in accordance with its terms; (b) acknowledge and agree these warranties and representations are an essential and material term of this Mutual General Release without which the said consideration would not have been given and delivered; and (c) agree to hold each other harmless from any and all liability, damage, cost or expense (including reasonable attorneys' fees and court costs) should any person or entity hereafter claim ownership of, or the right to sue upon, any of the Claims released herein.

7. This Mutual General Release is to be governed by and interpreted in accordance with the laws of the State of California.

8. This Mutual General Release may have executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

EXHIBIT B

ESCROW PROVISIONS

The Bank Group and the Equity Security Holder intend to seek to have any proceeds held in the Post-Confirmation Arrangement distributed to the ultimate beneficiaries as soon as no reasonable business purpose remains for retaining the funds. To that end, these parties agree as follows:

1. Establishment of Escrow Account.

The Bank Steering Committee shall establish the Escrow Account with Wells Fargo National Bank, N.A. ("the Escrow Agent"). Any funds deposited in the Escrow Account shall be invested at the instruction of the Bank Steering Committee to insure that they earn interest at the best available rate given the amount of funds available for deposit and any reasonably expected need for liquidity.

2. Adjustments of Equity Security Holder's Share.

The Bank Steering Committee shall use its best efforts to ensure that the sum (the "Interim Payment") of (a) the proceeds in the Escrow Account (minus an amount equal to any interest previously earned) and (b) the amounts received by the Equity Security Holder under the Plan (net of amounts paid to the Agent by the Equity Security Holder under this Section 2) are at all times equal to the Interim Allocation. The Bank Steering Committee shall promptly deposit in the Escrow Account or pay to the Equity Security Holder any amount by which the Interim Allocation exceeds the Interim Payment, and the Escrow Agent (and, if insufficient funds are in the Escrow Account, the Equity Security Holder) shall (after receipt of a written certificate from the Bank Steering Committee) pay to the Agent any amount by which the Interim Payment exceeds the Interim Allocation. For the purposes of this Agreement, the Interim Allocation shall be the amount due to the Equity Security Holder in accordance with paragraph VII D of the Plan, calculated based on the amount of Net Proceeds held at that point by the individual members of the Bank Group.

3. Reasonable Reserve.

Subject to the terms of this Section 3, at any time that the funds in the Escrow Account exceed the Reasonable Reserve most recently specified, the Escrow Agent shall, after

giving three business days telephonic notice to any one of several persons designated to be reasonably available by the Bank Steering Committee followed by written confirmation, promptly pay the amount of such excess to the Equity Security Holder. For the purposes of this Agreement, the "Reasonable Reserve" shall be an amount reasonably designated by the Bank Steering Committee as the amount which can be reasonably expected to be withdrawn from the Escrow Account pursuant to this Section 3; provided that, upon Final and Complete Disposition (as defined in the Plan) the Reasonable Reserve shall be reduced to zero.

Notwithstanding anything else herein to the contrary, the Escrow Agent shall not disburse any funds from the Escrow Account without the prior written permission of the Bank Steering Committee so long as the Bank Steering Committee certifies that the liquidation of the major fixed assets of POC has not commenced. The liquidation of the major fixed assets of POC will be deemed to have commenced when all of the material conditions and contingencies to the sale or other disposition (which shall include without limitation any lease in excess of 10 years) of a substantial portion of those fixed assets shall have been satisfied.

4. Certificates.

Not less than once every three months, and whenever reasonably requested by the Equity Security Holder, the Bank Steering Committee shall provide a written certificate stating (1) the current Interim Allocation and the basis for its calculation; (2) the Reasonable Reserve, including setting forth in reasonable detail the grounds for the calculation of the Reasonable Reserve including as detailed an identification of the reasons necessitating the reserve as is practicable under the circumstances; and (3) whether the liquidation of the major fixed assets of POC has commenced.

5. Duties of Escrow Agent.

The duties of the Escrow Agent shall be limited to the following:

- a. The establishment of the Escrow Account as directed by the Bank Steering Committee.
- b. The acceptance of any funds for deposit from the Bank Steering Committee.
- c. After giving notice under Section 3, paying to the Equity Security Holder the amount by which the funds in the Escrow Account may from time to time exceed the

Reasonable Reserve as specified by the Bank Steering Committee in the most recent certificate pursuant to Section 4.

d. Upon receipt of a certificate from the Bank Steering Committee pursuant to Section 2, making a payment to the Agent as set forth therein. Upon making any such payment, the Escrow Agent shall notify the Equity Security Holder.

In carrying out such duties, the Escrow Agent shall not be responsible for verifying the correctness of any written certificate or instruction provided for hereunder.

LA OFFICES
 GENDEL, RASKOFF, SHAPIRO & QUITTNER
 A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
 1801 CENTURY PARK EAST - 6TH FLOOR
 LOS ANGELES, CALIFORNIA 90057
 (213) 277-5400



Attorneys for Powerine Oil Company

UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA

In re

POWERINE OIL COMPANY,
 a California corporation,

Debtor.

Case No. LA 84-07086-RM

Chapter 11

MOTION FOR ORDER:

1. AUTHORIZING DEBTOR TO CONSUMMATE PURCHASE AGREEMENT;
2. TERMINATING SOUTHERN CALIFORNIA EDISON COMPANY ADEQUATE ASSURANCE OF PAYMENT DEPOSIT; AND
3. TERMINATING EDGINGTON OIL COMPANY ADEQUATE PROTECTION DEPOSIT

Date: August 26, 1986

Time: 2:00 p.m.

Place: Courtroom "C"

8th Floor

312 N. Spring Street

Los Angeles, California

Powerine Oil Company ("Powerine"), moves the Court for an order authorizing the consummation of a purchase agreement whereby the stock of Powerine and the allowed secured claims of the Secured Lenders (a group of seven banks and three insurance

1 companies) ll be sold to Sargent Holdings Limited; authorizing
2 the termination of the Southern California Edison Company ade-
3 quate assurance of payment deposit and authorizing the termina-
4 tion of the Edgington Oil Company adequate protection deposit
5 and in support thereof alleges:

6 1. On March 26, 1984 Powerine filed a voluntary peti-
7 tion under chapter 11 of title 11, United States Code. There-
8 after Powerine continued to operate its business as a debtor in
9 possession pursuant to 11 U.S.C. §§ 1107 and 1108.

10 2. Among the assets of Powerine's bankruptcy estate
11 is a petroleum refinery and related pipeline and terminal facili-
12 ties.

13 3. The sole shareholder of Powerine is Powerine
14 Enterprises, a California corporation.

15 4. On April 1 and April 9, 1985 the United States
16 Bankruptcy Court conducted hearings on the Confirmation of
17 Powerine's Third Amended Plan. At the conclusion of those hear-
18 ings the Bankruptcy Court issued its order confirming Powerine's
19 Third Amended Plan (as modified), (the "Confirmation Order").

20 5. Pursuant to the provisions of the Third Amended
21 Plan (as modified) (the "Plan") and the Confirmation Order, the
22 sum of \$7,150,000 was transferred to a disbursing agent for the
23 payment of priority and administrative expenses. In addition,
24 the sum of \$2,000,000 was transferred to a disbursing agent for
25 distribution to general unsecured creditors and the sum of
26 \$73,900.33 was transferred to a disbursing agent for the payment
27 of Class 7 claims (those claims amounting to \$300 or less).

28 ///

1 6. Pursuant to paragraph "P" of the Confirmation
2 Order, the Bankruptcy Court found that Powerine maintained a lim-
3 ited operation of its business for the purchase, sale and trading
4 of crude oil, the preservation of its interest in the contract
5 for the operation of Parcel "A" and the maintenance of the
6 refinery equipment in the warm shut down mode. The Court further
7 found that such activity has and continues to constitute an
8 operation of the debtor's business under Section 1141(d)(3)(B) of
9 the Bankruptcy Code.

10 7. Pursuant to paragraph "R" of the Confirmation
11 Order, the Bankruptcy Court found that in the particular circum-
12 stances of this case it is appropriate for Powerine to retain its
13 assets (as a debtor in possession) in a Post-Confirmation
14 Arrangement, a term defined in the Plan. The Court further found
15 that it was appropriate to retain jurisdiction over the debtor in
16 possession in the Post-Confirmation Arrangement to the extent
17 necessary to complete the terms and conditions of the Plan.

18 8. Pursuant to paragraph 12 with the Confirmation
19 Order, except for the assets transferred under the Pre-
20 Confirmation Distribution, a term defined in the Plan, and those
21 assets made available to the disbursing agent under the Plan,
22 upon Confirmation the assets of the estate did not revert in the
23 debtor, but rather remained with Powerine as a debtor in posses-
24 sion under the Post-Confirmation Arrangement. Powerine has con-
25 tinued to hold, manage and control its assets in the Post-
26 Confirmation Arrangement for the purpose of carrying out the
27 terms of the Plan relating to the highest and best manner of mar-
28 keting its assets or stock. In the Post-Confirmation Arrangement

1 Powerine continues as a debtor in possession to own, manage,
2 operate, sell, lease or otherwise use the assets of its bank-
3 ruptcy estate including, but not limited to the rights under
4 §§ 363-365, § 505, § 542-50 and § 554 of the Bankruptcy Code.

5 9. In or about September, 1985 the Secured Lenders
6 prepared, served and filed a notice of confirmation specifying
7 that confirmation, as defined in the Plan, occurred on August 20,
8 1985.

9
10 THE SARGENT HOLDINGS LIMITED

11 PURCHASE AGREEMENT

12 10. Powerine has engaged in aggressive marketing
13 endeavors. As a result of those endeavors Powerine and the
14 Secured Lenders have received and have accepted an offer, subject
15 to Bankruptcy Court approval, from Sargent Holdings Limited.
16 Attached as Exhibit "A" and incorporated by this reference is a
17 true and correct copy of the Sargent Holdings Limited proposal.
18 Powerine, its Secured Lenders and Sargent Holdings Limited are
19 currently preparing such other definitive documents and agree-
20 ments as will be necessary to consummate the proposed acquisi-
21 tion. By this motion Powerine seeks authority to enter into such
22 documents and agreements as are reasonably necessary to consum-
23 mate the transaction proposed in Exhibit "A."

24 11. Pursuant to the Sargent Holdings Limited proposal:

25 (a) all assets and properties held by Powerine on
26 the date of closing, except for certain excluded assets and
27 deposits made with the disbursing agent, shall revert in Powerine
28 pursuant to Section 1141 of the Bankruptcy Code. Said assets and

1 properties all be subject to all lien and encumbrances that
2 are not discharged pursuant to the Confirmation Order, it being
3 acknowledged by Sargent Holdings Limited that the Confirmation
4 Order does not discharge (among other things) the liens for
5 unpaid property taxes, or the claims of classes 5, 5A, 6A and 6B
6 referred to in the Plan.

7 (b) The shareholder, Powerine Enterprises, shall
8 transfer and assign to Sargent Holdings Limited, without war-
9 ranty, all of the stock and deliver to Sargent Holdings Limited
10 certificates representing the stock. The Secured Lenders will
11 release, without warranty, all options, claims and other inter-
12 est, if any, that they may have in the stock. Sargent Holdings
13 Limited shall receive, at the closing, an assignment, without
14 recourse and without warranty, of all the Secured Lenders'
15 claims, except the excluded claims, and any and all liens held by
16 the Secured Lenders upon any assets or stock of Powerine, except
17 the excluded assets, and any rights of the Secured Lenders under
18 any title insurance policies with respect to such liens.

19 (c) Sargent Holdings Limited has tendered to The
20 First National Bank of Chicago, as agent for the Secured Lenders
21 and solely on account of the Secured Lenders, a cashier's check
22 representing an agreement fee of \$3,500,000. The agreement fee
23 is fully earned upon acceptance of the agreement by or on behalf
24 of the shareholder, the debtor in possession, the Secured Lenders
25 and the Rothschilds and shall thereafter be refundable only if
26 the closing does not occur due to the failure of the Bankruptcy
27 Court to issue certain orders, due to any breach of contract by
28 any party other than Sargent Holdings Limited or if this

1 transaction is enjoined as a result of any required filing under
2 the Hart-Scott-Rodino Act. On or before August 19, 1986 Sargent
3 Holdings Limited shall deposit in an escrow account at The First
4 National Bank of Chicago, on escrow terms and conditions satis-
5 factory to the bank, the sum of \$34,500,000.

6 (d) Neither Powerine, the Secured Lenders, the
7 shareholder, Rothschilds nor their agents, employees or attorneys
8 will make any representations, warranties, statements or affirma-
9 tions of any type or nature whatsoever in connection with this
10 purchase/sale.

11 (e) The closing is scheduled to occur not earlier
12 than 30 days and not later than 60 days after the date of accep-
13 tance of the offer by the debtor in possession and Secured
14 Lenders, which date is July 29, 1986.

15 (f) After the closing, Powerine and Sargent Hold-
16 ing Limited shall collect, segregate and preserve in accounts
17 solely in the name of the debtor in possession and subject to
18 control solely by the Court-designated representatives of the
19 debtor in possession, all of the excluded assets and shall hold
20 all excluded assets in trust for the benefit of (1) the Secured
21 Lenders; and (2) as to preferences or fraudulent conveyances to
22 the extent set forth in paragraph 11 of the Confirmation Order,
23 the holders of class 8 claims; and distribute all excluded assets
24 from time to time in accordance with the provisions to the Con-
25 firmation Order or any subsequent order of the Bankruptcy Court.

26 (g) Sargent Holdings Limited has agreed after the
27 closing to continue to employ such officers and employees pres-
28 ently employed by the debtor in possession as its Secured Lenders

1 may request in order to assure that the expertise and knowledge
2 necessary to consummate the Plan, contest claims, collect assets
3 and recover preferences or fraudulent conveyances and other
4 claims after the closing.

5 12. Powerine believes the above summarized sale is in
6 the best interest of its estate and represents a fair considera-
7 tion for the assets and stock to be purchased.

8
9 THE SOUTHERN CALIFORNIA EDISON COMPANY

10 ADEQUATE ASSURANCE OF PAYMENT DEPOSIT

11 13. On or about April 16, 1984 this Court approved a
12 stipulation between Powerine and Southern California Edison Com-
13 pany establishing, pursuant to 11 U.S.C. § 366, an adequate
14 assurance of payment deposit. A true and correct copy of the
15 stipulation is attached as Exhibit "B" and incorporated by this
16 reference. Subsequent to the deposit of \$265,000 called for by
17 the stipulation, Southern California Edison Company and Powerine
18 agreed to reduce the deposit to the sum of approximately
19 \$140,000. That approximate sum is still on deposit with Southern
20 California Edison Company.

21 14. Upon the closing of the sale contemplated by the
22 purchase agreement, the assets of Powerine shall revest and the
23 purpose for an adequate assurance of payment deposit pursuant to
24 Section 366 of the Bankruptcy Code will no longer be extant. It
25 is therefor appropriate that said deposit be returned to
26 Powerine's estate.

27 ///

28 ///

THE EDGINGTON OIL COMPANY

ADEQUATE PROTECTION DEPOSIT

15. Pursuant to an order entered in or about July of 1984, this Court ordered Powerine to deposit the sum of \$1,136,000 as an adequate protection fund pursuant to 11 U.S.C. § 363 to protect Edgington Oil Company in its dealings with Powerine relating to the operation of Parcel "A." A true and correct copy of that order is attached as Exhibit "C" and incorporated by this reference. Pursuant to the terms of that order, Powerine is required to segregate and maintain an adequate protection deposit so long as the Parcel "A" contract remains property of Powerine's bankruptcy estate. In or about December of 1984 the Court modified this adequate protection order, pursuant to stipulation of the parties, and increased the adequate protection deposit from \$1,136,000 to \$1,600,000. A copy of that stipulation is attached hereto as Exhibit "D." By stipulation between Powerine and Edgington Oil Company, approved on December 19, 1985, Powerine and Edgington again reached a stipulation pursuant to which Powerine assumed its Parcel "A" oil contract. A true and correct copy of that stipulation is attached as Exhibit "E" and incorporated by this reference.

16. At the closing of the sale contemplated by the Purchase Agreement the assets of Powerine shall revest and the Parcel "A" contract will no longer be an asset of Powerine's bankruptcy estate. Pursuant to the Court's adequate protection order, the adequate protection deposit need not be maintained any longer. It is therefor appropriate that said deposit be returned to Powerine's estate.

1 WHEREFORE, Powerine Oil Company requests the Court to
2 enter its Order as follows:

3 (1) Authorizing the transfer and revestment of assets
4 in Powerine;

5 (2) Authorizing Powerine to enter into such other
6 agreements and documents as are reasonably necessary to consum-
7 mate the proposed sale to Sargent Holdings Limited;

8 (3) Terminating the adequate assurance of payment
9 order concerning Southern California Edison Company and requiring
10 the return of said deposit;

11 (4) Terminating the adequate protection fund concern-
12 ing Edgington Oil Company and authorizing the return of the funds
13 to Powerine's estate; and

14 (5) For such other and further relief as the Court
15 deems to be just and proper.
16

17 Respectfully submitted,

18 Dated: August 1, 1986

GENDEL, RASKOFF, SHAPIRO & QUITTNER
Herbert Katz
Eldon L. Pesterfield

19
20
21 By 
22 Herbert Katz,
Attorneys for Powerine Oil Company
23
24
25
26
27
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P.3

Sargent Holdings Limited
60 Broad Street
Monrovia, Liberia

July 24, 1986

To: Powerine Oil Company
as debtor in possession in
the bankruptcy case
hereinafter referred to,
and the other parties
identified below

This offer to purchase is made by Sargent Holdings Limited, a Liberian corporation ("Buyer"), to (i) Powerine Oil Company as debtor in possession in the chapter 11 case no. LA 84-07086-RM (the "Bankruptcy Case") pending in the United States Bankruptcy Court, Central District of California (the "Bankruptcy Court"); (ii) Powerine Enterprises, a California corporation ("Shareholder"); (iii) Harry S. Rothschild, Harry R. Rothschild and Peter Rothschild, individually and as trustees of certain Rothschild family trusts (the "Rothschilds"); and (iv) the Secured Lenders (the "Secured Lenders"), as defined in the Order Confirming Third Amended Plan (As Modified) entered in the Bankruptcy Case by the Bankruptcy Court on July 10, 1985 (the "Confirmation Order"). Capitalized terms used herein shall have the same meaning as set forth in the Confirmation Order, unless otherwise defined herein. To the extent there is a conflict between the terms used herein and the Confirmation Order, then the terms used herein shall control. Powerine Oil Company as Debtor in Possession in the Post-Confirmation Arrangement is herein sometimes referred to as the "Debtor in Possession." Except where the context otherwise requires, all references herein to "Powerine" shall mean Powerine Oil Company in its individual capacity, for its own account, and not as Debtor in Possession.

Buyer agrees to purchase, without recourse and without warranty and on an AS IS basis, (A) from the Shareholder, all the outstanding capital stock of Powerine (the "Stock"), and (B) from the Secured Lenders, all of their claims against Powerine, as allowed in the Bankruptcy Case (the "Secured Lenders' Claims"), except the Excluded Claims described in paragraph 5 below, on the following terms and conditions:

1. Price. At Closing (as hereinafter defined), Buyer shall deliver to The First National Bank of Chicago, as agent for the Secured Lenders and solely for account of the Secured

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Lenders, (A) the sum of US\$38,000,000 in cash; plus (B) an amount, in cash, equal to the Additional Purchase Price, determined pursuant to paragraph 5(c) for the Specified Intangibles referred to in paragraph 5(c). The full purchase price payable hereunder shall be allocated to, and payable on account of, the sale of the Secured Lenders' Claims pursuant to this Agreement, except that US\$1 million of purchase price shall be allocated to the Stock (but shall be payable to Secured Lenders as set forth herein).

2. Closing. The Closing shall be held in the offices of Sidley & Austin in Los Angeles not earlier than thirty (30) days and not later than sixty (60) days after the date of acceptance of this offer by the Debtor in Possession and the Secured Lenders (the "Acceptance Date"). If the Closing does not occur within such time period, the agreement evidenced by the acceptance of this offer shall automatically terminate.

3. Conditions to Closing. The following are all the conditions to Closing:

(a) No party hereto shall be obligated to proceed with the Closing unless each and all of the following conditions are met:

(i) Entry of final and non-appealable orders of the Bankruptcy Court which (A) authorize the Debtor in Possession to execute and perform the agreements contemplated herein; (B) adjudicate, as against any Secured Lender which has not, in writing, accepted this offer and all agreements implementing its terms, that such Secured Lender is legally bound by the offer and agreements pursuant to the provisions of the Settlement Agreement dated as of October 23, 1984; and (C) provide such further authorization and approval of transfers and transactions as Buyer, the Debtor in Possession and the Secured Lenders may designate in writing within thirty (30) days after the Acceptance Date to be necessary or appropriate to effectuate the transactions contemplated hereby; and

(ii) Each other party shall have performed or tendered due performance of all obligations to be performed by it as are necessary or appropriate to effectuate the transactions contemplated hereby;

(b) Buyer shall not be obligated to proceed with the Closing unless each and all of the following conditions are met:

(i) Following a reasonable opportunity to examine Powerine's and the Debtor in Possession's books and records, Buyer's counsel shall have a reasonable basis to determine (to such counsel's own satisfaction and without any representation or warranty being required from, made by, or imputed to any of the parties hereto) that (A) all governmental and regulatory approvals, permits, easements, leases, rights of way and licenses needed to resume full operation of petroleum receipt, storage, refining and distribution operations and facilities (including, without limiting the generality hereof, all refinery units, pipelines, storage tanks, and all other equipment) at the Powerine Santa Fe Springs refinery and the Long Beach, Phoenix and San Diego petroleum storage and distribution terminals are in full force and effect; (B) all debts and liabilities of Powerine are discharged to the extent set forth in the Confirmation Order, and all liens and encumbrances on the assets of the estate held by the Debtor in Possession (other than the claims of classes 5, 5A, 6A and 6B in the Confirmation Order, and unpaid property taxes) are discharged or immaterial; (C) the Debtor in Possession has good and marketable title to its material assets as reflected in its official books and records; (D) the Debtor in Possession has possession and title to such assets and has assumed pursuant to final order of the Bankruptcy Court such executory contracts and leases as are necessary to resume operation of the petroleum receipts, storage, refining and distribution operations and facilities (including, without limiting the generality thereof, all refinery units, pipelines, storage tanks, and all other equipment) at the Powerine Santa Fe Springs refinery and the Long Beach, Phoenix and San Diego petroleum storage and distribution terminals; (E) except as to matters known by Buyer prior to its execution of this Agreement, no undischarged liabilities deemed material by Buyer are outstanding against Powerine under any federal, state or local environmental and occupational safety and health laws and regulations; and (F) the Shareholder owns all outstanding capital stock of Powerine and the Stock is duly authorized, paid for, issued and outstanding. If Buyer does not deliver to the Debtor in Possession and The First National Bank of Chicago within thirty (30) days after the Acceptance Date a writing (x) stating that this condition has not been met and (y) terminating this Agreement for failure to meet this condition, then this condition shall be deemed irrevocably waived by Buyer as of the expiration of such thirty (30) day period;

(ii) The assets revested in Powerine at Closing pursuant to paragraph 4 shall include (without limiting the generality of paragraph 4) each and all of the assets described in Schedule 3B;

(iii) At the Closing, the Secured Lenders shall have released, without warranty, all options, claims and other interests, if any, which the Secured Lenders may have in the Stock (except any liens securing the Secured Lenders' Claims), and the Shareholder shall have (A) transferred and assigned to the Buyer, without warranty, all the Stock, and (B) delivered to Buyer certificates representing the Stock;

(iv) Buyer shall have received, at the Closing, an assignment, without recourse and without warranty, of all the Secured Lenders' Claims, except the Excluded Claims, and any and all liens held by the Secured lenders upon any assets or stock of Powerine, except the Excluded Assets, and any rights of the Secured Lenders under any title insurance policies with respect to such liens;

(v) Closing of the transactions contemplated hereby shall not be enjoined as a result of any required filing under the Hart-Scott-Rodino Act; and

(vi) As of the Closing, the Debtor in Possession (A) shall have paid or provided for payment of all cost and expenses, except property taxes, incurred by the Debtor in Possession after confirmation of the Plan confirmed under the Confirmation Order (the "Plan"), to the extent payment of such costs and expenses is not provided for under the Plan, and prior to the date of Closing; and (B) shall retain cash in an amount of US\$500,000 (the "Property Tax Allowance") which amount shall be applied by Powerine toward the payment of any property taxes for which payment is not provided under the Plan, should the final amount of such property tax be lower than said Property Tax Allowance, the difference between the amount of the tax and the allowance will be promptly remitted to the Secured Lenders; provided, however that the Debtor in Possession, the Shareholder, the Rothschilds, and the Secured Lenders shall have no liability whatsoever after the Closing for any property taxes, costs or expenses, and Powerine shall assume and agree to pay all liabilities, costs or expenses incurred by Powerine after the Closing and all property taxes not provided for under the Plan.

(c) The Debtor in Possession and Secured Lenders shall not be obligated to proceed with the Closing unless the following condition is met:

(1) On or before August 19, 1986, the Buyer shall deposit in an escrow account at The First National Bank of Chicago, on escrow terms and conditions satisfactory to such bank, the sum of US\$34,500,000. These funds shall be invested by The First National Bank of Chicago on an overnight basis in First

JUL 24 1984
Chicago Corporation commercial paper and interest earned thereon less customary transaction costs will be returned to Buyer at Closing. Said sum may be released from escrow and remitted to the Secured Lenders upon satisfaction of all the conditions set forth in paragraph 3(a) and 3(b). If this condition is not met definitively by the date stated, the Secured Lenders at their option may forthwith terminate this Agreement by written notice to Debtor in Possession and Buyer.

4. Revestment. All assets and properties held on the date of Closing by the Debtor in Possession, except (x) all deposits made with the Disbursing Agent under the Plan, and (y) all Excluded Assets, shall revert in Powerine and be subject to all liens and encumbrances that are not discharged pursuant to the Confirmation Order, it being acknowledged by Buyer that the Confirmation Order does not discharge (among other things) the liens for unpaid property taxes, or the claims of Classes 5, 5A, 6A and 6B referred to therein.

5. Excluded Claims and Assets.

(a) The following assets and properties held on the date of Closing by the Debtor in Possession shall constitute the Excluded Assets referred to herein:

(i) All cash and cash equivalents except the Property Tax Allowance;

(ii) All accounts receivable, notes receivable, or other amounts receivable and monetary rights accrued under any lease, operating agreement, management agreement, services contract or other agreement (including specifically the contracts related to the oil field known as "Parcel A"), to the extent accrued or existing as of the date of Closing; provided, that all rights with respect to such leases, contracts or agreements accruing after the date of Closing shall pass to Powerine;

(iii) All rights and remedies under any avoiding powers available to the Debtor in Possession under the Bankruptcy Code, including claims to recover preferences and fraudulent conveyances (but subject, however, to the provisions of the Plan);

(iv) Other rights to payment, prepaid expenses and fees, performance and security deposits; and

(v) Claims and causes of action in existence at Closing (except claims, if any, based upon any alleged unlawful

combination in restraint of trade or attempt to monopolize trade), to the extent such claims or causes of action are specifically identified on or before August 22, 1986, by the Secured Lenders;

At the Closing, and notwithstanding the transfer of the Secured Lenders' Claims pursuant to this Agreement, the Secured Lenders shall retain claims against the Debtor in Possession (the "Excluded Claims") for the full amount and to the full extent of the Excluded Assets and shall retain first and prior liens on the Excluded Assets to secure the payment of the Excluded Claims. The Excluded Claims, as secured by the Excluded Assets, shall be retained by the Secured Lenders ratably, in accordance with their existing entitlement, but shall in no event exceed the amount of the Excluded Assets. Proceeds from the sale or encumbrance of any material asset or property of the Debtor in Possession after June 1, 1986, shall not constitute Excluded Assets unless such proceeds arise from the sale, transfer, collection or disposition of the assets and properties of the type identified in this paragraph 5(a).

(b) Prior to Closing, the Secured Lenders may receive and retain distributions from the Debtor in Possession of any assets of the type identified in paragraph 5(a). At the Closing, the Debtor in Possession shall distribute to the Secured Lenders all cash and cash equivalents constituting Excluded Assets and shall acknowledge that it continues to hold the remaining Excluded Assets solely for account of the Secured Lenders in accordance with the Confirmation Order.

(c) Notwithstanding the provisions of paragraph 5(a), at the Closing the assets identified in Schedule 5C hereto (the "Specified Intangibles") shall not constitute Excluded Assets and shall be revested in Powerine pursuant to paragraph 4, and Buyer shall pay to the Secured Lenders an additional amount (the "Additional Purchase Price") equal to the sum of the amounts set forth or described in Schedule 5C as to each of the Specified Intangibles, determined as of the date of Closing.

6. Priority Claims; Property Taxes. At the Closing, Powerine and Buyer will:

(a) Assume and agree to pay to the Disbursing Agent under the Confirmation Order all administrative and priority claims constituting the Class 1, 2, 3 and 4 claims referred to in the Confirmation Order to the extent such claims may exceed the US\$7,150,000 plus interest earned thereon, deposited for distribution on account of such claims pursuant to the Confirmation Order; provided, that:

(i) The claim by the Oil, Chemical and Atomic Workers International Union and its local 1-128 has been settled and paid for US\$500,000 or less, and certain prepetition collective bargaining agreements relating to the operation of the refinery have been rejected by the Debtor in Possession;

(ii) The claim under the lease obligation concerning the Walker property has been settled and paid for US\$180,000 or less; and

(iii) Buyer has approved in writing the disposition of any such administrative or priority claim from the date of this offer through the date of Closing (which approval is not to be unreasonably withheld).

(b) Have the sole right to contest, defend, compromise, or settle such administrative and priority claims and shall bear all liability, cost and expense related thereto.

(c) Receive an assignment from the Secured Lenders and Debtor in Possession, without recourse and without warranty, of any and all claims they have to any funds deposited with the Disbursing Agent for payment of administrative and priority claims under the Plan, in the event any such funds may remain after all such administrative and priority claims have been paid.

(d) Assume and agree to pay all property taxes due or to become due as to all property to be revested in Powerine pursuant to paragraph 4, to the extent payment of such taxes is not provided for under the Plan.

7. Agreement Fee.

(a) Concurrently herewith, Buyer is tendering to The First National Bank of Chicago, as agent for the Secured Lenders and solely for account of the Secured Lenders, a cashier's check for an Agreement Fee of US\$3,500,000. This Agreement Fee shall be fully earned upon acceptance of this Agreement by or on behalf of the Shareholder, the Debtor in Possession, Secured Lenders and Rothschilds, and shall thereafter be refundable only if the Closing does not occur due to the failure of the Bankruptcy Court to issue the orders contemplated by paragraph 3(a)(i) or due to any breach of contract by any party other than the Buyer or if this transaction is enjoined as a result of any required filing under the Hart-Scott-Rodino Act.

(b) In any event, the Agreement Fee shall not be refundable if the Secured Lenders terminate this Agreement

pursuant to paragraph 3(c) or Buyer terminates pursuant to paragraph 3(b)(1).

(c) At the Closing such fees shall be applied against the purchase price payable pursuant to paragraph 1.

(d) The First National Bank of Chicago shall invest the Agreement Fee in interest-bearing investments of the bank's selection at its sole discretion, until such funds are disbursed. Any interest earned thereby shall be remitted to Buyer if the Agreement Fee is required to be refunded as herein set forth, but may otherwise be retained by the Secured Lenders for their own account.

8. No Warranties or Liability. Buyer acknowledges and agrees (A) that Buyer will enter into the transactions contemplated hereby based solely on its own independent investigation and without reliance on any statement, deed, act or omission by any Secured Lender, the Shareholder, the Rothschilds or the Debtor in Possession; (B) that NO REPRESENTATIONS, WARRANTIES, STATEMENTS OR AFFIRMATIONS OF ANY TYPE OR NATURE WHATSOEVER (WHETHER AS TO TITLE, FITNESS, MERCHANTABILITY, QUALITY, CONDITION, LICENSES, PERMITS, ENVIRONMENTAL MATTERS, TAX MATTERS, BOOKS AND RECORDS, THE ASSUMPTION OR ASSUMABILITY OF EXECUTORY CONTRACTS OR LEASES, THE EXISTENCE, ENFORCEABILITY OR ALLOWANCE OF CLAIMS OR LIENS, THE ENFORCEABILITY, SCOPE OR CONSEQUENCES OF THE PLAN, LIABILITIES, RISKS OR ANY OTHER MATTER WHATSOEVER) ARE MADE OR WILL BE MADE TO BUYER OR POWERINE OR ANY OTHER PERSON BY THE SECURED LENDERS, THE SHAREHOLDER, THE ROTHSCHILDS OR THE DEBTOR IN POSSESSION OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS; AND ALL WARRANTIES IMPLIED BY LAW ARE EXPRESSLY DISCLAIMED AND EXCLUDED; and (C) except for obligations expressly set forth as to a particular party in this offer and any liability imposed upon such party by law for any breach of such obligations, the Shareholder, the Rothschilds, the Debtor in Possession and the Secured Lenders shall have no liability or obligations whatsoever under or with respect to this offer or the transactions or agreements contemplated hereby; (D) none of the parties hereto shall be liable for any breach, act or omission by any other party; and (E) none of the parties to this Agreement shall be liable in respect of any claim for any breach of any obligation or duty assumed by contract or imposed by law as to the transactions contemplated hereby, for any incidental, special, consequential, indirect or punitive damages, and each party expressly waives, releases and excludes any claim to any such damages.

9. Certain Matters. Buyer represents, warrants and agrees, with the knowledge that the Shareholder, in transferring

the Stock, and the other parties, in performing their respective obligations hereunder, are relying upon such representations, warranties and agreements of Buyer, that:

(a) Buyer understands that the Stock has not been registered or qualified under the Securities Act of 1933 (the "Act") or any state securities laws, in reliance upon exemptions contained in the Act and such state laws and any applicable regulations promulgated thereunder or interpretations thereof, and that such securities cannot be offered for sale, sold, pledged or otherwise transferred by Buyer after the Closing unless such securities subsequently are so registered or qualified or qualify for exemption from registration or qualification under the Act and such state laws. A stop transfer order to such effect shall be placed in the corporate stock transfer records of Powerine.

(b) The Stock as acquired by Buyer will not be offered for sale, sold, pledged or otherwise transferred without either registration, qualification or exemption from registration or qualification under the Act and applicable state securities laws.

(c) Buyer is acquiring the Stock for investment for its own account, not as a nominee or agent, and not with a view to or for sale in connection with any distribution, as that term is used in (a) Section 2(11) of the Securities Act of 1933, as amended, and (b) applicable state securities laws.

(d) Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring the Stock and is capable of protecting its own interests in connection with the transactions contemplated herein; and it understands and is able to bear any economic risks associated with such acquisition (including the necessity of holding the Stock for an indefinite period of time, inasmuch as the Stock has not been registered or qualified under the Act or any State securities laws).

(e) Buyer is familiar with and has full knowledge of the business which is conducted and intended to be conducted by Powerine, including financial matters relating to such business; it has entered into this transaction based solely on its own independent investigation and without reliance on any act or omission of any other party to this Agreement; and it has consulted with accountants, attorneys and investment advisors as it has deemed necessary.

(f) Buyer has solicited the Shareholder with an offer to purchase the Stock; the sale of the Stock is not being effected by or through a broker-dealer or in a public offering; Buyer has not been presented with or solicited by or through any leaflet, public promotional meeting, circular, newspaper or magazine article, radio or television advertisement or any other form of public advertisement.

(g) The certificates representing the Stock bear a legend substantially to the effect that "the shares of stock represented by this certificate have not been registered under the Securities Act of 1933 and may not be sold or otherwise transferred except pursuant to an effective registration under said act or an applicable exemption from the registration requirements thereof."

10. Secured Lender Matters. The Secured Lenders agree among themselves, solely for their own benefit, that this Agreement and all matters attendant hereto are subject to the provisions of the Settlement Agreement dated as of October 23, 1984, to which the Secured Lenders are the parties, including (without limitation) the provisions therein as to Distributions to Secured Lenders and as to Secured Lender Decisions.

11. Post-Closing Obligations. After the Closing and until the Plan has been consummated, all claims thereunder have been paid, all of the Excluded Assets have been distributed and the Bankruptcy Case has been closed, Powerline will:

(a) Collect, segregate and preserve in accounts solely in the name of the Debtor in Possession and subject to the control solely of the Court-designated representatives of the Debtor in Possession, all of the Excluded Assets, hold all Excluded Assets in trust for the benefit of the Secured Lenders and, as to preferences or fraudulent conveyances to the extent set forth in paragraph 11 of the Confirmation Order, the holders of Class 8 claims; and distribute all Excluded Assets from time to time in accordance with the provisions of the Confirmation Order or any subsequent order of the Bankruptcy Court.

(b) Maintain and preserve all corporate, financial and business records, invoices, payment records, cancelled checks, computer tapes and storage and other documents and sources of information in the same condition as at the date of Closing and provide any party hereto the right to review and copy the same, at such party's own expense, at any time during business hours.

(c) Keep employed such of the officers and employees presently employed by the Debtor in Possession as the Secured Lenders may request in order to assure that the expertise and knowledge of such officers and employees remain available for the purposes of consummating the Plan, contesting claims, collecting assets, recovering preferences, fraudulent conveyances and other claims, and closing the case; provided, that if Powerine has notified the Secured Lenders that Powerine no longer requires the services of such officer or employee, the Secured Lenders may request, in writing, that such officer or employee be retained, and in that event, Powerine shall retain such employee only for the purposes set forth in this paragraph 11(c).

(d) Reimburse the Post-Confirmation Arrangement for any costs and expenses accruing after the date of Closing in connection with any objection to, or the allowance of, any Class 1, 2, 3, 4 or 5 claims or any litigation relating thereto if the Post-Confirmation Arrangement has paid such cost or expense.

Except as set forth in paragraph 11(d), Powerine shall be entitled to be reimbursed out of the Excluded Assets for all reasonable costs and expenses (including fairly allocated internal employee expenses) incurred by Powerine upon prior written request of the Secured Lenders in connection with the performance of Powerine's obligations under this paragraph 11. Powerine shall not be obligated to incur any such costs or expenses unless Powerine is reasonably assured that the Excluded Assets are sufficient to reimburse it therefor.

12. Consent to Jurisdiction of Bankruptcy Court. All parties to this Agreement hereby consent to the jurisdiction of the Bankruptcy Court with respect to all matters arising under or related to this Agreement or the transactions contemplated hereby.

13. Examination of Financial Position. Upon acceptance of this offer, Buyer will promptly initiate a detailed examination of Powerine's books and records, specifically including an examination of Powerine's assets.

14. No Obligations. Buyer acknowledges that none of the parties referred to herein have made any agreements whatsoever or shall have any obligation whatsoever to Buyer in respect of the transactions contemplated hereby unless this offer is accepted in writing by or on behalf of all such parties before the expiration of this offer and that, upon such acceptance, the obligations of each such party shall be limited solely to those expressly set forth as to it herein. No additional agreement contemplated herein, and no amendment or modification hereto, shall be

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effective or enforceable as against a party unless set forth in a writing signed by such a party.

15. Due Authorization. Each party represents and warrants that the officer or representative executing this Agreement on behalf of said party has been duly authorized to execute the same.

16. Time is of the Essence. Time is of the essence, wherever a date or period of time is referred to in this Agreement.

17. Notices. Any notices which any of the parties herein may desire, or have the right to, give under this Agreement shall be in writing, and shall be sent via messenger, registered mail, return receipt requested, telex, telecopy or teletransmission addressed as follows and effective upon receipt:

If to the Shareholder or the Rothschilds:

Powerine Enterprises
Mr. Harry S. Rothschild
Mr. Harry R. Rothschild
Mr. Peter Rothschild
c/o Theodore Guth, Esq.
Irell & Manella
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067

If to the Debtor in Possession:

Mr. Jerry E. Goldress
Chief Executive Officer
Powerine Oil Company
12354 Lakeland Road
P.O. Box 2108
Santa Fe Springs, California 90670

with copy to:

Mr. Herbert Katz, Esq.
Gandel, Raskoff, Shapiro & Quittner
1801 Century Park East
Los Angeles, California 90067

If to the Buyer:

Sargent Holdings Limited
80 Broad Street
Monrovia, Liberia

with copy to:

Mr. Oskar J. Schmidt
Lim Kunststoff Technologie, GmbH.
A2421 Kitsee, Austria
Telex: 18146 LIM.A

Mr. Thomas R. Broussard, Esq.
Broussard & Associates Ltd
5757 Wilshire Boulevard, Suite 648
Los Angeles, California 90036

If to the Secured Lenders:

Mr. Will J. Johnson
Vice President
Banque Paribas
2029 Century Park East, Suite 3900
Los Angeles, California 90067

Mr. Stephen L. Eastwood
Vice President
The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

Mr. Fred Dooman
Vice President
First Interstate Bank of California
707 Wilshire Boulevard
Los Angeles, California 90017

with copy to:

Mr. Hendrik De Jong, Esq.
Sidley & Austin
2049 Century Park East, Suite 3400
Los Angeles, California 90067

18. Finders Fee.

The Buyer represents that no party or entity has been engaged by it or is associated with it which has earned or is entitled to a finders fee or other similar compensation with regard to the instant transaction, and Buyer shall indemnify and hold the other parties harmless from and against any and all such claims for any such finders fee or other compensation.

19. Term of Offer. This offer expires unless accepted by the Debtor in Possession, the Secured Lenders the Shareholder and the Rothschilds, no later than 5:00 p.m., Pacific Daylight Time on July 29, 1986. Buyer agrees, in consideration of the other parties' reliance hereon, not to revoke this offer prior to that time.

If the foregoing is acceptable, please sign below where indicated to evidence your acceptance thereof.

SARGENT HOLDINGS LIMITED

By: _____

Oskar J. Schmidt

Accepted and agreed to:

POWERINE ENTERPRISES

By: _____

Its _____

POWERINE OIL COMPANY,
Debtor in Possession in the
Post Confirmation Arrangement
(Subject to approval by the Bankruptcy Court)

By: _____

Its _____

JUL 24 1965
F. 17
THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: _____

Its _____

BANQUE PARIBAS

By: _____

Its _____

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its _____

SECURITY PACIFIC NATIONAL BANK

By: _____

Its _____

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: _____

Its _____

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES, AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____

Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

SCHEDULE 3B

SUMMARY OF ASSETS HELD BY DEBTOR IN POSSESSION
TO BE REVESTED IN POWERINE OIL COMPANY AT CLOSING

1. Real property consisting of approximately 88 acres at the refinery site in Santa Fe Springs.
2. All improvements thereto referred to as the "refinery," including processing units, storage tanks, coke storage and loading facilities, warehouses, buildings, etc.
3. Main office building and warehouse and improvements thereto.
4. Gasoline terminal, scales and related facilities at Santa Fe Springs.
5. Crude oil and product pipelines.
6. Leasehold improvements at marine terminal located in Long Beach, California.
7. Leasehold improvements at gasoline terminals located in Phoenix, Arizona and San Diego, California.
8. Warehouse inventories.
9. Catalyst and chemicals, whether residing within processing units or in storage inventories.
10. Crude oil and petroleum product inventories in tanks or in pipelines, except for Parcel "A" crude oil which may be held for sale in the normal course of business.
11. Tangible personal property, including but not limited to fixtures, office machinery and equipment, furniture, business records and files, vehicles, etc.
12. Licenses, permits, rights of way, water rights, etc.
13. Rights under executory contracts assumed by the DIP.
14. The Specified Intangibles.

JUL 24 06 19 05 S 8 A LAM LSA

P.22

SCHEDULE 5C

<u>Specified Intangibles</u>	<u>Amount of Additional Purchase Price **</u>
Pipeline Bonds	At par
Parcel A	
- Parcel A Crude Oil Sales	At par estimated to be \$300,000 - 350,000
- Parcel A Profits	At par estimated to be 10,000 - 20,000
- Parcel A LBOD Advances	At par estimated to be 120,000 - 400,000
- Parcel A Direct Advances	At par estimated to be 5,000 - 10,000
Elk Hills Loading Rack Lease	At par estimated to be 5,000 - 25,000
Prepaid rent	At par estimated to be 27,000
Deposit with Southern California Edison Company	140,000
Miscellaneous prepaid expenses	At par, but not more than \$5,000
Lazare Note Receivable	30,000
Accrued rents - Beacon Oil Co.	At par
Prepaid insurance*	At par
Edgington Oil Company, Inc. Performance Deposit	At par***
Claim for recovery of preconfirmation windfall profits taxes as Reimbursible Expenses under Parcel "A" contract with the City of Long Beach	None

* At its option, Buyer may notify the Debtor in Possession prior to Closing that Powerline will make independent arrangements for insurance effective at Closing and authorize the Debtor in Possession to cancel existing insurance coverage effective upon Closing. If Buyer so notifies the Debtor in Possession, no Additional Purchase

SCHEDULE 5C

(continued)

Price shall be payable in respect of prepaid insurance and any insurance premium refund shall be an Excluded Asset.

** Par value shall be determined as of Closing Date.

*** This amount is equal to approximately US\$1,608,000 plus interest but shall be reduced to reflect any reductions in the deposit prior to Closing.

JUL 24 1986

BANK WINTER & CO
Aktiengesellschaft

000917

LEITUNGSGABE I
POSTFACH. 878
100 WIEN
DVR: 010 7573TELEFON: 0222/51504-0 Δ
TELEGRAMME: SIMONE
TELEX: 13442
TELEFAX: 0222/51504-213

PLEASE DELIVER THE FOLLOWING PAGES TO :

NAME : MR. HENDRIK DE JONG
FIRM/ CO. SIDLEY & AUSTIN
CITY: LOS ANGELES STATE : USA
TELECOPIER : _____ RAPIFAX: 213-556-6547
OTHER : _____ CONFIRMATION _____
FROM : MRS. A. HAFNER
BANK WINTER & CO. AG.
VIENNA / AUSTRIA

TOTAL NUMBER OF PAGES SENT (including cover pages): 2SENT: Date 7/25/86 Time: 6am / pm

CONFIRMED: _____ Time _____ am / pm

OPERATOR _____

CLIENT: _____ MATTER : _____

IF YOU HAVE NOT RECEIVED ALL THE PAGES, PLEASE CALL AS SOON AS
POSSIBLE #3 222 51504270

This is to confirm that Mr. Oskar J. Schmidt has signed the signature
page of the offer to purchase the Powerine Oil Company, faxed by you
on 7/24/86 2:46 am with Nr. 006860 (20-pages including cover page!).
With best regards

BANK WINTER & CO.

Aktiengesellschaft

1010 WIEN, LILIENGASSE 1

Tele. 51 50 40



18. Finders Fee.

The Buyer represents that no party or entity has been engaged by it or is associated with it which has earned or is entitled to a finders fee or other similar compensation with regard to the instant transaction, and Buyer shall indemnify and hold the other parties harmless from and against any and all such claims for any such finders fee or other compensation.

19. Term of Offer. This offer expires unless accepted by the Debtor in Possession, the Secured Lenders the Shareholder and the Rothschilds, no later than 5:00 p.m., Pacific Daylight Time on July 29, 1986. Buyer agrees, in consideration of the other parties' reliance hereon, not to revoke this offer prior to that time.

If the foregoing is acceptable, please sign below where indicated to evidence your acceptance thereof.

SARGENT HOLDINGS LIMITED

By: _____

Oskar J. Schmidt

Accepted and agreed to:

POWERINE ENTERPRISES

By: _____

Its _____

POWERINE OIL COMPANY,
Debtor in Possession in the
Post Confirmation Arrangement
(Subject to approval by the Bankruptcy Court)

By: _____

Its _____

18. Finders Fee.

The Buyer represents that no party or entity has been engaged by it or is associated with it which has earned or is entitled to a finders fee or other similar compensation with regard to the instant transaction, and Buyer shall indemnify and hold the other parties harmless from and against any and all such claims for any such finders fee or other compensation.

19. Term of Offer. This offer expires unless accepted by the Debtor in Possession, the Secured Lenders the Shareholder and the Rothschilds, no later than 5:00 p.m., Pacific Daylight Time on July 29, 1986. Buyer agrees, in consideration of the other parties' reliance hereon, not to revoke this offer prior to that time.

If the foregoing is acceptable, please sign below where indicated to evidence your acceptance thereof.

SARGENT HOLDINGS LIMITED

By: _____

Oskar J. Schmidt

Accepted and agreed to:

POWERINE ENTERPRISES

By: _____

Its _____

POWERINE OIL COMPANY,
Debtor in Possession in the
Post Confirmation Arrangement
(Subject to approval by the Bankruptcy Court)

By: _____

Its _____

[Signature]
CEO

THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: John L. Smith

Its Vice President

BANQUE PARIBAS

By: _____

Its _____

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its _____

SECURITY PACIFIC NATIONAL BANK

By: _____

Its _____

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: _____

Its _____

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: _____

Its _____

BANQUE PARIBAS

By: _____

Its Gen Mgr. Vice President

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its _____

SECURITY PACIFIC NATIONAL BANK

By: _____

Its _____

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: _____

Its _____

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: _____

Its _____

BANQUE PARIBAS

By: _____

Its _____

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its Vice President

SECURITY PACIFIC NATIONAL BANK

By: _____

Its _____

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: _____

Its _____

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: _____

Its _____

BANQUE PARIBAS

By: _____

Its _____

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its _____

SECURITY PACIFIC NATIONAL BANK

By: Larry Hagan

Its 1st V. Pres.

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: _____

Its _____

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

THE SECURED LENDERS

By: THE FIRST NATIONAL BANK OF CHICAGO

By: _____

Its _____

BANQUE PARIBAS

By: _____

Its _____

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____

Its _____

SECURITY PACIFIC NATIONAL BANK

By: _____

Its _____

WELLS FARGO BANK, N.A. AS SUCCESSOR
TO CROCKER NATIONAL BANK

By: Kenneth A. Shaw

Its Vice President

INTERFIRST BANK DALLAS, N.A.

By: _____

Its _____

REPUBLICBANK DALLAS, N.A.

By: [Signature]

Its VICE PRESIDENT

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____

Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its *V.P., TIAA Securities*

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____

Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____
Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____
Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: [Signature] [Signature] [Signature]
Asst. Vice President
Its _____ Asst. Secretary

AETNA LIFE INSURANCE COMPANY

By: _____
Its _____

Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Joanne B. Dombrosky
Joanne B. Dombrosky
Its ~~Sr.~~ Investment Officer

Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

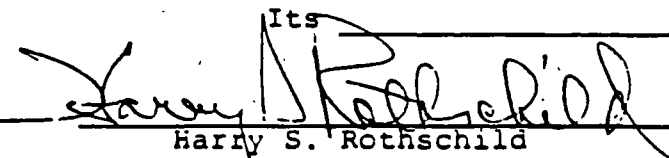
By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____



Harry S. Rothschild

Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

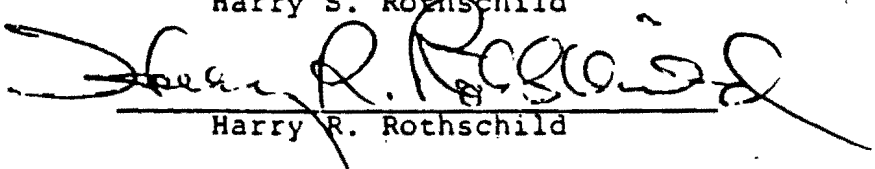
Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____

Harry S. Rothschild



Harry R. Rothschild

Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

REPUBLICBANK DALLAS, N.A.

By: _____

Its _____

TEACHER'S INSURANCE & ANNUITY
ASSOCIATION OF AMERICA

By: _____

Its _____

THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES; AND EQUITABLE
VARIABLE OF LIFE INSURANCE COMPANY

By: _____

Its _____

AETNA LIFE INSURANCE COMPANY

By: _____

Its _____

Harry S. Rothschild

Harry R. Rothschild



Peter Rothschild
Individually and as Trustee

[0202/ADMIN]

Exhibit B

APR 19 1984

OFFICES
GENDEL RASKOFF, SHAPIRO & QUITTNER
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATION
1801 CENTURY PARK EAST - 5TH FLOOR
LOS ANGELES, CALIFORNIA 90067
(213) 277-5400

FILED

APR 16 1984

ENTERED

APR 18 1984

CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY

Attorneys for Debtor and Debtor
in Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re	) BK. NO. LA 84-07086-RM
POWERINE OIL COMPANY, a	) Chapter 11
California corporation,)
	) STIPULATION RE UTILITY SERVICE
	) (11 U.S.C. § 366); AND ORDER
	) THEREON
Debtor.)
	) Date: None Set
Fed. Tax I.D. No. 95-2011697	) Time: None Set
	) Ctrm: None Set

POWERINE OIL COMPANY, Debtor and Debtor in Possession
(the "DEBTOR"), by and through its attorneys, and SOUTHERN CALI-
FORNIA EDISON COMPANY ("EDISON"), by and through its attorneys,
stipulate and agree as follows:

1. On March 26, 1984, the DEBTOR filed a petition
under chapter 11 of title 11, United States Code. The DEBTOR
continues to operate its business as a debtor and debtor in
possession pursuant to 11 U.S.C. §§ 1107 and 1108.

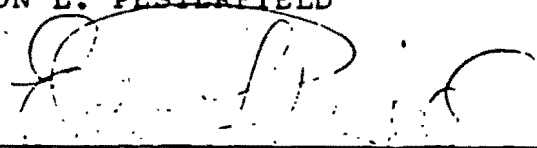
///

2. EDISON has demanded monetary security as adequate assurance of payment as that term is used in 11 U.S.C. § 366. Subject to this Court's approval, POWERINE and EDISON have entered into an agreement whereby EDISON will waive a lump sum monetary deposit in lieu of receiving a weekly prepayment for utility service. It is anticipated that POWERINE will require service totalling use at \$265,000.00 per week. Attached as Exhibit A is a copy of the adequate assurance of payment agreement between POWERINE and EDISON (the "AGREEMENT").

3. EDISON has agreed that upon court approval, said AGREEMENT will constitute adequate assurance of payments.


DATED: April 6, 1984.

GENDEL, RASKOFF, SHAPIRO & QUITTNER
H. MILES RASKOFF
ELDON L. PESTERFIELD

By 
ELDON L. PESTERFIELD,
ATTORNEYS FOR THE DEBTOR AND
DEBTOR IN POSSESSION

DATED: April 11, 1984.

SOUTHERN CALIFORNIA EDISON COMPANY

By 
JAMES P. MONTAGUE,
ATTORNEY FOR SOUTHERN CALIFORNIA
EDISON COMPANY

ORDER

The Court, after reading the within stipulation, finding good cause therefor, hereby approves said stipulation and the parties shall govern their conduct in accordance with its provisions.

IT IS SO ORDERED.

Dated: April 16, 1984.

R. MEDNICK

RICHARD MEDNICK
UNITED STATES BANKRUPTCY JUDGE

GENDEL, RASKOFF, SHAPIRO & QUITTNER
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1801 CENTURY PARK EAST - 6TH FLOOR
LOS ANGELES, CALIFORNIA 90067
277-5400

AGREEMENT

THIS AGREEMENT is made and entered into this 2nd day of April, 1984, by and between SOUTHERN CALIFORNIA EDISON COMPANY, a corporation ("EDISON") and POWERINE OIL COMPANY, ("POWERINE"), Debtor-in-Possession under USDC Bankruptcy Case No. LA-84-07086-RM.

WHEREAS, EDISON provides electric utility service to all of POWERINE'S locations in SOUTHERN CALIFORNIA EDISON'S service territory; and

WHEREAS, EDISON requires that POWERINE deposit with EDISON a lump-sum monetary security for electric service pursuant to Rules Nos. 6 and 11 of its tariff schedules; and

WHEREAS, the parties desire to resolve any potential conflict with respect to such monetary security and adequate assurance of payment for electric services.

It is agreed by and between EDISON and POWERINE, Debtor in Possession, that in lieu of a lump sum monetary security, POWERINE shall pay to EDISON a pre-payment for electric utility service at the rate of \$265,000 per week, payable in two amounts of (1) \$225,000 for electrical service to POWERINE'S refinery and (2) \$40,000 per week for electrical services to POWERINE's operation at Parcel A.

Said weekly pre-payment is based on POWERINE'S historical usage prior to the shutdown of many of its major operating units at its refinery. This pre-payment shall apply for usage actually made by POWERINE until EDISON'S next normal billing. Upon receipt by POWERINE of EDISON'S next normal billing, the amount of the pre-payment under this Agreement shall be adjusted to be in the amount of 3/8 of the monthly bill and shall be paid to and received by EDISON no later than Friday of each week for the four weeks following receipt of the monthly billing. If the billing period has five (5) weeks, then same weekly rate will be paid for the fifth week as for the prior week. This procedure shall apply for subsequent monthly billings during the existence of this Agreement.

The initial pre-payment at the rate of \$265,000 per week shall be made by Powerine on April 3, 1984.

IT IS UNDERSTOOD AND AGREED that this pre-payment Agreement will apply to any and all bills rendered for services incurred on or after March 26, 1984.


EDISON shall, by the 21st of each month, send to POWERINE a balancing statement which shall reflect the

payments received and the actual billing for the preceding month. Any additional amounts owed by POWERINE to EDISON for electric service which has been provided but not satisfied by the payment received will be due within five (5) days of statement date. Any amounts paid by POWERINE to EDISON which are not utilized for the current statement period will be retained by EDISON and applied to subsequent billings and carried forward to the next billing statement.

It is understood and agreed that EDISON may modify or terminate this Agreement in the event that usage or other circumstances of service so require by giving POWERINE thirty (30) days prior written notice of the action. If POWERINE objects to EDISON'S action, then POWERINE or EDISON may file for relief with the Bankruptcy Court.

Upon termination of this Agreement, EDISON shall within ten (10) days give POWERINE an appropriate accounting of all monies paid hereunder.


DATED: April 2, 1984 POWERINE OIL COMPANY

By 
Matthew F. Stewart
President

APPROVED AS TO FORM

By  W. Robert Spang 
Attorney General Counsel

DATED: April 3, 1984 SOUTHERN CALIFORNIA EDISON COMPANY

By 
John J. Purgell
Manager of Credit

APPROVED AS TO FORM

By 
Attorney

1 JOSEPH A. E ENBERG, a Member of
2 LEVENE & EISENBERG,
3 a Professional Corporation
4 1900 Avenue of the Stars
Suite 1240
Los Angeles, California 90067
(213) 551-1010

5 Attorneys for EDGINGTON OIL COMPANY,
6 INC., a Delaware corporation
7

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10

11 In re	)	CASE NO. LA 84-07086-RM
)	
12 POWERINE OIL COMPANY,	)	Chapter 11
13 a California corporation,)	
	)	ORDER RE ADEQUATE PROTECTION
)	
14 Debtor.	)	Date: July 9, 1984
	)	Time: 2:00 p.m.
	)	Place: Courtroom "C"

16 AT LOS ANGELES, CALIFORNIA, IN THIS DISTRICT, ON THE _____
17 DAY OF _____, 1984.

18 Upon the "Motion for Adequate Protection Pursuant to
19 Bankruptcy Code Section 363," filed by EDGINGTON OIL COMPANY,
20 INC., a Delaware corporation ("EDGINGTON"), with respect to that
21 certain property interest known as the "Parcel 'A' Oil Contract"
22 ("the Contract") and the crude oil extracted pursuant to the
23 Contract, and after timely and proper notice thereof, a hearing
24 was held on the 9th day of July, 1984, at the hour of 2:00 p.m.,
25 before the undersigned Bankruptcy Judge, in his Courtroom "C",
26 United States Courthouse, 312 North Spring Street, Los Angeles,
27 California 90012. EDGINGTON appeared by and through its counsel,
28 JOSEPH A. EISENBERG and JOEL B. WEINBERG, Members of LEVENE &

ASST T

1 EISENBERG, . Professional Corporation; . werine Oil Company, Inc.
2 ("POWERINE"), and Debtor and Debtor in Possession, appeared by
3 Eldon L. Pesterfield of Gendel, Raskoff, Shapiro & Quittner; the
4 Official Creditors' Committee appeared by David Gould of Danning,
5 Gould, Joseph & Diamond; Perry L. Landsberg of Sidley & Austin
6 appeared on behalf of "The Bank Group;" William Ramseyer of
7 Greenberg, Glusker, Fields, Claman & Machtinger was present on
8 behalf of certain insurance companies ("the Insurance
9 Companies"). The undersigned having considered the subject
10 Motion and the Opposition thereto, the record in this matter, the
11 arguments and representations of counsel and good cause appearing
12 therefor, it is hereby

13 ORDERED, that, pursuant to 11 U.S.C. §363(e), EDGINGTON is
14 entitled to adequate protection of its interest in the Contract
15 and the oil extracted by POWERINE pursuant thereto; and, it is
16 further

17 ORDERED, that, as and for adequate protection, upon entry of
18 this Order, and only so long as the Contract remains property of
19 POWERINE's estate, POWERINE shall segregate in an interest-
20 -bearing account to be maintained in an authorized depository of
21 the United States Bankruptcy Court for the Central District of
22 California, the sum of \$1,136,000.00 ("the Adequate Protection
23 Fund"), which fund, although the monies deposited therein con-
24 stitute "cash collateral," may be used to pay POWERINE's post-
25 petition obligations under the Contract in accordance with the
26 procedure hereinafter provided; and, it is further

27 ///

28 ///

1 ORDERED, that all interest accruing on or in respect of the
2 Adequate Protection Fund shall inure to the benefit of and be the
3 property of the bankruptcy estate of POWERINE; and, it is further

4 ORDERED, that, in the event of any default by POWERINE in
5 respect of POWERINE's obligations relating to or associated with
6 the Contract and the extraction and production of crude oil
7 pursuant thereto, upon twenty-four hours' notice to POWERINE, the
8 Bank Group, the Insurance Companies and other parties in
9 interest, an ex parte hearing shall be held before this Court
10 with respect to such default and EDGINGTON's request that the
11 monies in the Adequate Protection Fund be released to the City of
12 Long Beach, the holder of an unpaid claim for goods or services
13 provided in connection with the Contract, or to EDGINGTON, as may
14 be appropriate, together with such other and further requests for
15 adequate protection or additional relief as may be appropriate;
16 and, it is further

17 ORDERED, that nothing contained herein shall constitute a
18 waiver of POWERINE's right to contest the existence or the amount
19 of any default as may be alleged by EDGINGTON nor a waiver of any
20 creditor's rights or interests in the monies deposited in the
21 Adequate Protection Fund; and, it is further

22 ORDERED, that this Order is without prejudice to, nor shall
23 it alter, modify, or affect any Orders of this Court or of the
24 United States District Court, heretofore or hereafter entered,
25 respecting adequate protection for the Bank Group and the
26 Insurance Companies, including but not limited to, any such
27 Orders directing cash collateral to be segregated for the addi-
28 tional protection of the Insurance Companies; and, it is further

ORDERE. that nothing contained herein shall limit, modify, affect or preclude the Insurance Companies from the commencement of an independent proceeding, including an ex parte proceeding, or from contending at the ex parte hearing described above, that any payment to EDGINGTON or to any other party from the Adequate Protection Fund should be conditioned upon the segregation, in favor of the Insurance Companies, of 7% of any such payment.

Richard Mednick
Bankruptcy Judge

PRESENTED BY:

JOSEPH A. EISENBERG, a Member of
LEVENE & EISENBERG,
a Professional Corporation
1900 Avenue of the Stars
Suite 1240
Los Angeles, California 90067
Attorneys for EDGINGTON OIL COMPANY, INC.

By:

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I have read the foregoing

and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☐ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

I am ☐ an Officer ☐ a partner ☐ a of

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for

a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on 19 at California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Type or Print Name

Signature

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT (other than summons and complaint)

Received copy of document described as

on 19

Type or Print Name

Signature

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF

Los Angeles

State of California.

I am employed in the county of

I am over the age of 18 and not a party to the within action; my business address is:

1900 Avenue of the Stars, Suite 1240, Los Angeles, CA 90067

On July 26, 1984, I served the foregoing document described as ORDER RE ADEQUATE PROTECTION

on the interested parties

in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

SEE ATTACHED LIST

☒ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Los Angeles, California.

Executed on July 26, 1984, at Los Angeles, California.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

Executed on 19 at California.

☒ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

TERESA BARNETT

Type or Print Name

Teresa Barnett
Signature

Eldon L. Pesterfield, Esq.
Gendel, Raskoff, Shapiro & Quittner
1801 Century Park East, 6th Floor
Los Angeles, California 90067

David Gould, Esq.
Danning, Gill, Gould, Joseph & Diamond
1801 Century Park East, Suite 1500
Los Angeles, California 90067

Perry L. Lansberg, Esq.
Sidley & Austin
2049 Century Park East
Los Angeles, California 90067

William Ramseyer, Esq.
Greenberg, Glusker, Fields,
Claman & Machtinger
1900 Avenue of the Stars, Suite 2000
Angeles, California 90067

United States Trustee's Office
300 North Los Angeles Street
Room 3101
Los Angeles, California 90012

LA OFFICES
GENDEL RASKOF SHAPIRO & QUITTNER
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1801 CENTURY PARK EAST - 8TH FLOOR
LOS ANGELES, CALIFORNIA 90067
(213) 277-8400

FILED

JAN 2 1985

ENTERED

JAN - 2 1985

CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
Bankruptcy Clerk

Attorneys for Debtor and
Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re	)	CASE NO. LA 84-07086-RM
)	
POWERINE OIL COMPANY, a	)	CHAPTER 11
California corporation,)	
	)	STIPULATION MODIFYING PRE-
Debtor.	)	EXISTING ORDER RE ADEQUATE
	)	PROTECTION (EDGINGTON OIL
	)	COMPANY, INC.) AND ORDER
	)	THEREON
)	
	)	[NO HEARING SET]

Powerine Oil Company, debtor and debtor-in-possession
(the "Debtor"), by and through its attorneys, and Edgington Oil
Company, Inc. ("Edgington"), by and through its attorneys, stipu-
late as follows:

1. The pre-existing order of the United States Bank-
ruptcy Court regarding adequate protection for Edgington, a copy
of which is attached as Exhibit "A" and incorporated by this
reference, may be modified by the debtor and Edgington so as to
require an adequate protection deposit of \$1,600,000 rather than
the original deposit of \$1,136,000.

///

1 2. The purpose of this amendment to the pre-existing
2 order is to allow for certain changes in the scheduling of the
3 deliveries of parcel "A" crude oil.

4 3. In all other respects the Court's order arising
5 out of the July 9, 1984 hearing, a copy of which is attached
6 as Exhibit "A", shall remain in full force and effect.
7

8 DATED: December 27, 1984

GENDEL, RASKOFF, SHAPIRO & QUITTNER
HERBERT KATZ
ELDON L. PESTERFIELD

10
11 By 

ELDON L. PESTERFIELD,
Attorneys for Powerline Oil
Company

12
13
14 DATED: December 27, 1984

LEVENE & EISENBERG
JOSEPH A. EISENBERG

15
16 By 

JOSEPH A. EISENBERG,
Attorneys for Edington
Oil Co., Inc.

17
18
19
20 ORDER

21
22 The Court, having read the within Stipulation, being
23 fully apprised of the premises and find in good cause therefore,
24 hereby

25 ORDERS, that the within Stipulation is approved and
26 the parties shall govern their conduct in accordance therewith;
27 and further
28

///

1 ORI S that except as modified n this Stipulation,
2 the Court's prior order arising out of the July 9, 1984 hearing
3 shall remain in full force and effect.
4

5 DATED: ~~December __, 1984~~

R. MEDNICK

RICHARD MEDNICK

United States Bankruptcy Judge

GENUEL, MADROFF, SHAPIRO & QUINN INC.
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1801 CENTURY PARK EAST - 6TH FLOOR
LOS ANGELES, CALIFORNIA 90067
777-8400

1 JOSEPH A. EISENBERG, a Member of
2 LEVENE & EISENBERG,
3 a Professional Corporation
4 1900 Avenue of the Stars
Suite 1240
Los Angeles, California 90067
(213) 551-1010

5 Attorneys for EDGINGTON OIL COMPANY,
6 INC., a Delaware corporation

7
8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10

11 In re	)	CASE NO. LA 84-07086-RM
)	
12 POWERINE OIL COMPANY,	)	Chapter 11
13 a California corporation,)	
	)	ORDER RE ADEQUATE PROTECTION
)	
14 Debtor.	)	Date: July 9, 1984
	)	Time: 2:00 p.m.
15	)	Place: Courtroom "C"

16 AT LOS ANGELES, CALIFORNIA, IN THIS DISTRICT, ON THE _____
17 DAY OF _____, 1984.

18 Upon the "Motion for Adequate Protection Pursuant to
19 Bankruptcy Code Section 363," filed by EDGINGTON OIL COMPANY,
20 INC., a Delaware corporation ("EDGINGTON"), with respect to that
21 certain property interest known as the "Parcel 'A' Oil Contract"
22 ("the Contract") and the crude oil extracted pursuant to the
23 Contract, and after timely and proper notice thereof, a hearing
24 was held on the 9th day of July, 1984, at the hour of 2:00 p.m.,
25 before the undersigned Bankruptcy Judge, in his Courtroom "C",
26 United States Courthouse, 312 North Spring Street, Los Angeles,
27 California 90012. EDGINGTON appeared by and through its counsel,
28 JOSEPH A. EISENBERG and JOEL B. WEINBERG, Members of LEVENE &

ASST T

1 EISENBERG, a Professional Corporation; Powerine Oil Company, Inc.
2 ("POWERINE"), and Debtor and Debtor in Possession, appeared by
3 Eldon L. Pesterfield of Gendel, Raskoff, Shapiro & Quittner; the
4 Official Creditors' Committee appeared by David Gould of Danning,
5 Gould, Joseph & Diamond; Perry L. Landsberg of Sidley & Austin
6 appeared on behalf of "The Bank Group;" William Ramseyer of
7 Greenberg, Glusker, Fields, Claman & Machtinger was present on
8 behalf of certain insurance companies ("the Insurance
9 Companies"). The undersigned having considered the subject
10 Motion and the Opposition thereto, the record in this matter, the
11 arguments and representations of counsel and good cause appearing
12 therefor, it is hereby

13 ORDERED, that, pursuant to 11 U.S.C. §363(e), EDGINGTON is
14 entitled to adequate protection of its interest in the Contract
15 and the oil extracted by POWERINE pursuant thereto; and, it is
16 further

17 ORDERED, that, as and for adequate protection, upon entry of
18 this Order, and only so long as the Contract remains property of
19 POWERINE's estate, POWERINE shall segregate in an interest-
20 -bearing account to be maintained in an authorized depository of
21 the United States Bankruptcy Court for the Central District of
22 California, the sum of \$1,136,000.00 ("the Adequate Protection
23 Fund"), which fund, although the monies deposited therein con-
24 stitute "cash collateral," may be used to pay POWERINE's post-
25 petition obligations under the Contract in accordance with the
26 procedure hereinafter provided; and, it is further

27 ///

28 ///

1 ORDERED, hat all interest accruir on or in respect of the
2 Adequate Protection Fund shall inure to the benefit of and be the
3 property of the bankruptcy estate of POWERINE; and, it is further

4 ORDERED, that, in the event of any default by POWERINE in
5 respect of POWERINE's obligations relating to or associated with
6 the Contract and the extraction and production of crude oil
7 pursuant thereto, upon twenty-four hours' notice to POWERINE, the
8 Bank Group, the Insurance Companies and other parties in
9 interest, an ex parte hearing shall be held before this Court
10 with respect to such default and EDGINGTON's request that the
11 monies in the Adequate Protection Fund be released to the City of
12 Long Beach, the holder of an unpaid claim for goods or services
13 provided in connection with the Contract, or to EDGINGTON, as may
14 be appropriate, together with such other and further requests for
15 adequate protection or additional relief as may be appropriate;
16 and, it is further

17 ORDERED, that nothing contained herein shall constitute a
18 waiver of POWERINE's right to contest the existence or the amount
19 of any default as may be alleged by EDGINGTON nor a waiver of any
20 creditor's rights or interests in the monies deposited in the
21 Adequate Protection Fund; and, it is further

22 ORDERED, that this Order is without prejudice to, nor shall
23 it alter, modify, or affect any Orders of this Court or of the
24 United States District Court, heretofore or hereafter entered,
25 respecting adequate protection for the Bank Group and the
26 Insurance Companies, including but not limited to, any such
27 Orders directing cash collateral to be segregated for the addi-
28 tional protection of the Insurance Companies; and, it is further

1 ORDERED, that nothing contained herein shall limit, modify,
2 affect or preclude the Insurance Companies from the commencement
3 of an independent proceeding, including an ex parte proceeding,
4 or from contending at the ex parte hearing described above, that
5 any payment to EDGINGTON or to any other party from the Adequate
6 Protection Fund should be conditioned upon the segregation, in
7 favor of the Insurance Companies, of 7% of any such payment.
8
9

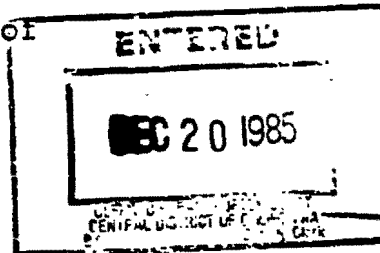
10 Richard Mednick
Bankruptcy Judge

11 PRESENTED BY:

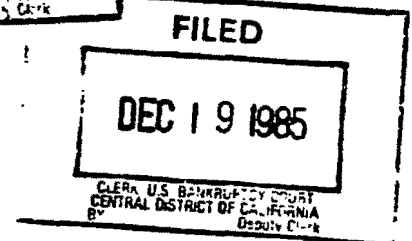
12 JOSEPH A. EISENBERG, a Member of
13 LEVENE & EISENBERG,
14 a Professional Corporation
15 1900 Avenue of the Stars
Suite 1240
Los Angeles, California 90067
Attorneys for EDGINGTON OIL COMPANY, INC.

16
17 By: 
18
19
20
21
22
23
24
25
26
27
28

1 JOSEPH A. EISENBERG, a Member of
2 LEVENE & EISENBERG,
3 a Professional Corporation
4 1900 Avenue of the Stars
Suite 1440
Los Angeles, California 90067
(213) 551-1010



5 Attorneys for EDGINGTON OIL COMPANY, INC.



6
7
8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10

11 In re	)	CASE NO. LA 84-07086-RM
12 POWERINE OIL COMPANY,	)	Chapter 11
13	)	STIPULATION RE ASSUMPTION OF
14 Debtor.	)	EXECUTORY CONTRACTS; AND
15	)	ORDER THEREON
16	)	Date: December 19, 1985
	)	Time: 9:30 a.m.
	)	Courtroom: "C"

17 THIS STIPULATION by and between Powerine Oil Company
18 ("POWERINE") and Edgington Oil Company, Inc. ("EDGINGTON"), is
19 based upon the following:

20 1. POWERINE is the Debtor and Debtor in Possession in this
21 Chapter 11 case which was commenced by the filing of a Voluntary
22 Petition on March 26, 1984.

23 2. Prior to the commencement of this proceeding, POWERINE,
24 EDGINGTON, Rothschild Oil Company ("Rothschild"), on the one
25 hand, and the City of Long Beach, on the other hand, entered into
26 an agreement designated as the "Parcel 'A' Oil Contract."

27 ///

28 ///

1 3. In connection with the Parcel 'A' Oil Contract,
2 POWERINE, EDGINGTON and Rothschild entered into an agreement,
3 designated as the "Operating Agreement" pursuant to which, inter
4 alia, POWERINE was designated as the operator under the Parcel
5 'A' Oil Contract.

6 4. During the pendency of this proceeding, POWERINE has
7 continued to derive certain benefits under and pursuant to the
8 subject executory contracts, and, in connection therewith and as
9 a condition thereof, pursuant to Order of this Court, POWERINE
10 has posted an adequate protection deposit, consisting of a cash
11 fund in the sum of \$1,600,000.00.

12 5. POWERINE has filed a Motion pursuant to 11 U.S.C. §365
13 seeking the authority of this Court to assume the executory
14 contracts.

15 6. EDGINGTON has opposed POWERINE's attempt to obtain the
16 authority of this Court to assume the executory contracts.

17 7. EDGINGTON contends that POWERINE is in default of
18 POWERINE's obligations to EDGINGTON under and in respect of the
19 subject executory contracts in that:

20 a. POWERINE has failed to pay to EDGINGTON the sum of
21 \$28,735.35 in respect of POWERINE's disproportionate exploitation
22 of oil production from the Parcel 'A' Oil field; and

23 b. POWERINE has failed to pay pre-petition obligations,
24 in the approximate sum of \$495,000, due and owing to creditors
25 whose claims arise from the rendition of pre-petition services
26 incident to the extraction of oil from the Parcel 'A' Oil field.

27 ///

28 ///

1 8. EDGINGTON contends that POWERINE has failed to provide
2 EDGINGTON with adequate assurance of POWERINE's ability to
3 perform the executory contracts and all obligations, conditions
4 and burdens imposed upon POWERINE thereunder.

5 9. EDGINGTON contends that POWERINE has failed to cure the
6 monetary defaults existing under the executory contracts.

7 10. EDGINGTON contends that POWERINE has failed to compen-
8 sate EDGINGTON for the pecuniary losses suffered by EDGINGTON as
9 a result of POWERINE's defaults under the executory contracts.

10 11. To avoid any controversy in respect of the pending
11 Motion to assume the executory contracts, subject to and
12 conditioned upon the entry of this Court's Order approving this
13 Stipulation and the compliance by POWERINE of the terms and
14 provisions hereof, IT IS HEREBY STIPULATED AND AGREED:

15 A. POWERINE is authorized to assume the Parcel 'A' Oil
16 Contract and the Operating Agreement, and EDGINGTON hereby
17 consents to such assumption.

18 B. Upon entry of this Court's Order approving this Stipu-
19 lation, POWERINE shall pay to EDGINGTON, in cash, in full, the
20 sum of \$28,785.35.

21 C. EDGINGTON hereby waives any claim for interest, attor-
22 neys' fees or other similar demands for pecuniary loss relating
23 to the pre-petition defaults by POWERINE.

24 ///

25 ///

26 ///

27 ///

28 ///

1 D. Upon demand POWERINE shall pay, in full, in cash, any
2 and all claims arising from or relating to POWERINE's
3 pre-petition operation of the Parcel 'A' Oil field.

4 E. To secure performance and payment by POWERINE of the
5 obligations undertaken pursuant to Paragraph D hereof, upon entry
6 of this Court's Order approving this Stipulation, POWERINE shall
7 deposit in a designated trust account for the benefit of such
8 claimants the sum of \$495,000.00.

9 F. To secure performance and payment by POWERINE of all
10 further and future obligations undertaken pursuant to the Parcel
11 'A' Oil Contract and the Operating Agreement from and after the
12 assumption thereof, the adequate protection fund described in
13 Paragraph 4 hereof shall remain in full force and effect until
14 such time as POWERINE shall deliver to EDGINGTON a letter of
15 credit, issued by a bank acceptable to EDGINGTON, in such amount
16 and subject to such terms and conditions as EDGINGTON in its sole
17 discretion shall deem acceptable, which letter of credit may be
18 drawn upon by EDGINGTON in the event of any post-assumption
19 default by POWERINE in respect of POWERINE's obligations to or
20 for the benefit of EDGINGTON under or pursuant to the executory
21 contracts; alternatively, POWERINE may deliver to EDGINGTON a
22 faithful performance bond issued by a bonding company and subject
23 to such terms and conditions as EDGINGTON, in its sole
24 discretion, shall deem acceptable.

25 G. The exercise by EDGINGTON of EDGINGTON's discretion
26 pursuant to Paragraph F hereof shall be governed by a standard of
27 reasonableness.

28 ///


1 H. POWERINE and EDGINGTON hereby agree to indemnify and
2 hold Rothschild harmless from any claims arising from the
3 operation of the Parcel 'A' Oil field.

4 I. Nothing contained herein shall alter, modify or
5 abrogate the respective rights, duties and obligations of
6 POWERINE and EDGINGTON, inter se, pursuant to the Parcel 'A' Oil
7 Contract and the Operating Agreement.

8 DATED: 12/19/85

EDGINGTON OIL COMPANY, INC.


9
10 By


JOSEPH A. EISENBERG, a Member
of LEVENE & EISENBERG,
a Professional Corporation
Attorneys for Edgington
Oil Company, Inc.

11
12
13
14 DATED: 12/19/85

POWERINE OIL COMPANY

15
16 By


ELDON L. PESTERFIELD, a Member
of GENDEL, RASKOFF, SHAPIRO &
QUITTNER
Attorneys for Powerine Oil
Company

20 ORDER

21 AT LOS ANGELES, CALIFORNIA, IN THIS DISTRICT, ON THE 19 DAY
22 OF DECEMBER, 1985.

23 Upon reading and filing the foregoing Stipulation, said
24 Stipulation is approved in all respects, and

25 IT IS SO ORDERED.

26 R. MEDNICK

27 RICHARD MEDNICK,
28 UNITED STATES BANKRUPTCY JUDGE

I, the undersigned, declare that

I am employed in the county of Los Angeles, State of California.

I am over the age of 18 and not a party to the within action; my business address is 1801 Century Park East, Sixth Floor, Los Angeles, California 90067

On August 1, 19 86, I served the foregoing document described as MOTION FOR ORDER;

AUTHORIZING DEBTOR TO CONSUMMATE PURCHASE AGREEMENT;

2. TERMINATING SOUTHERN CALIFORNIA EDISON COMPANY ADEQUATE ASSURANCE
OF PAYMENT DEPOSIT; AND

3. TERMINATING EDGINGTON OIL COMPANY ADEQUATE PROTECTION DEPOSIT

_____ on the interested parties

in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

See attached list.

☒ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Los Angeles, California.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

Executed on August 1, 19 86 at Los Angeles, California.

(State)
(Federal)

I declare under penalty of perjury under the laws of the State of California that the above is true and correct
I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Suratsavadee Busapavani
Signature

SURATSAVADEE BUSAPAVANIJ

THEODORE E. GUTH, ESQ.
IRELL & MANELLA
1800 Avenue of the Stars, Suite 900
Los Angeles, CA 90067

TOM R. LARMORE, ESQ.
LILLICK, McHOSE & CHARLES
707 Wilshire Blvd.
Los Angeles, CA 90017

RICHARD W. HAVEL, ESQ.
PERRY L. LANDSBERG, ESQ.
SIDLEY & AUSTIN
2049 Century Pk East, Suite 3500
Los Angeles, CA 90067

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PHILLIPS
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JL:0005Z/9f.yaf

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Bewley, Lassleben & Miller
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Whittier, CA 90602

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c/o Don Fisher, Esq.
Kindel & Anderson
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Newport Beach, CA 92660

Donn Borg
Mobil Oil Corporation
612 So. Flower St.
Los Angeles, CA 90017

Ticor Title Insurance Company
of California
1717 Walnut Grove Avenue
Rosemead, CA 91770
Attn: Mr. Roger Therien

Allan B. Weiss and Associates
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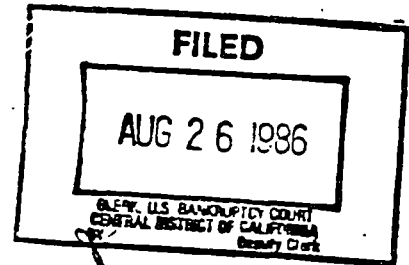
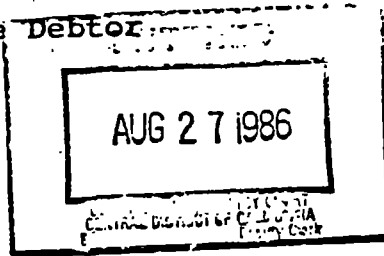
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UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA

In re)	CASE NO. LA84-07086-RM
)	
POWERINE OIL COMPANY, a	)	Chapter 11
California corporation,)	
	)	ORDER GRANTING MOTION TO
Debtor.	)	CONSUMMATE THE PURCHASE
	)	AGREEMENT WITH SARGENT
	)	HOLDINGS LIMITED
)	
	)	Date: August 26, 1986
	)	Time: 2:00 p.m.
	)	Place: Courtroom C
)	

This matter came on regularly for hearing on August 26, 1986, at 2:00 p.m. before the Honorable Richard Mednick, United States Bankruptcy Judge. The appearance of counsel are as noted on the record.

The court has considered the Motion of Powerine Oil Company, debtor and debtor-in-possession ("Debtor"), the relevant files and records of the Court, and the testimony, evidence and argument of counsel at the time and place of hearing. Based thereon, it appears that:

1 (a) This Order deals with the position of the Debtor's
2 Motion which seeks authority to consummate the purchase
3 agreement with Sargent Holdings Limited ("Sargent"), and
4 does not dispose of the Debtor's motion regarding the
5 deposit with Southern California Edison and the motion
6 regarding the deposit for the Edgington Oil Company in
7 the Parcel A Agreements.

8
9 (b) Notice of the Motion was good and sufficient
10 and satisfies the requirements of section 102 of the Bankruptcy
11 Code.

12
13 (c) No written opposition has been made to the Motion.

14
15 (d) No party appeared in opposition to the Motion.

16
17 (e) The Debtor's consummation of the Letter Agreement
18 with Sargent is in the best interests of the estate, and
19 represents a fair consideration for the claims and stock
20 to be purchased and for the assets to revert from the
21 Post-Confirmation Arrangement to Powerine Oil Company.

22
23 (f) The transactions contemplated and provided for
24 in the Letter Agreement, or in this Order include, but
25 are not necessarily limited to, the following transfers
26 of securities, claims, property interests, and/or cash:

27
28 (i) the delivery by Powerine Enterprises of

1 all of its shares of capital stock in Powerine Oil
2 Company to Sargent, or, with the consent of the Secured
3 Lenders, to its wholly-owned subsidiary.
4

5 (ii) the transfer by the Secured Lenders to
6 Sargent of the major portion of (x) such Secured
7 Lenders' claims against the Debtor and (y) the security
8 interests securing such claims.
9

10 (iii) a revesting from the Post-Confirmation
11 Arrangement in Powerine Oil Company of the refinery
12 and related assets.
13

14 (iv) Sargent contemplates upon its acquisition
15 of claims and security interests from the Secured
16 Lenders to cancel and discharge all but \$24.0 million
17 of the secured indebtedness in exchange for the issuance
18 of additional common stock of Powerine Oil Company
19 to be valued at \$14.0 million. (All of the above
20 transfers shall be collectively referred to as the
21 "Proposed Transfers").
22

23 (g) The Proposed Transfers shall be made in accordance
24 with and in furtherance of the Debtor's Third Amended
25 Plan of Reorganization as Modified in open Court on April
26 1 and 9, 1985 (the "Plan"), and the Order Confirming Third
27 Amended Plan (as modified) (the "Confirmation Order")
28 entered July 10, 1985.

1 (h) Sargent has acknowledged it is entering into
2 the transactions contemplated hereby based solely on its
3 own independent investigation and without reliance on
4 any act or omission by any Secured Lender(s), Powerine
5 Enterprises, the Rothschilds or the Debtor.
6

7 (i) No representations, warranties, statements or
8 affirmations of any type or nature whatsoever (whether
9 as to title, fitness, merchantability, quality, condition,
10 environmental matters, the assumption or assumability
11 of executory contracts or leases, liens, liabilities,
12 risks or any other matter whatsoever) have been made to
13 Sargent or to any other person by the Secured Lenders,
14 Powerine Enterprises, the Rothschilds or the Debtor or
15 any of their respective directors, officers, employees,
16 attorneys or agents.
17

18 (j) All warranties implied by law are expressly
19 disclaimed and excluded.
20

21 (k) This Court has jurisdiction over the Proposed
22 Transfers and the transactions contemplated in the Letter
23 Agreement pursuant to the terms of the Plan and Confirmation
24 Order, and this Court's continued jurisdiction over the
25 Post-Confirmation Arrangement.
26

27 (l) Good cause has been shown for granting the Debtor's
28 motion.

1 It is here ORDERED as follows:

2
3 1. The Debtor is authorized to enter into and perform
4 all acts and transfers regarding the proposed sale to Sargent
5 as set forth in the Letter Agreement, or as described in this
6 Order as the Proposed Transfers.

7
8 2. In accordance with and in furtherance of the Plan
9 and Confirmation Order, all assets of the estate presently
10 held in the Post-Confirmation Arrangement, except for all of
11 the assets described as "Excluded Assets" in the Letter Agreement,
12 shall be transferred and revested in Powerine Oil Company pursuant
13 to section 1141 of the Bankruptcy Code effective upon the closing
14 of the transactions contemplated by the Letter Agreement and
15 the delivery of a Certificate of Transfer and Revestment by
16 the Post-Confirmation Arrangement to Powerine Oil Company.

17
18 3. Following the completion of the sale under the Letter
19 Agreement, the Post-Confirmation Arrangement shall retain the
20 Excluded Assets for the benefit of the Secured Lenders in accordance
21 with and pursuant to the Plan and Confirmation Order.

22
23 4. Except for obligations expressly set forth in the
24 Letter Agreement, and any liability imposed by law for any
25 breach of such obligations, Powerine Enterprises, the Rothschilds,
26 the Debtor and the Secured Lenders shall have no liability
27 or obligation whatsoever under or with respect to the Letter
28 Agreement or the transactions contemplated therein.

1 5. Upon the completion of the sale under the Letter Agreement
2 the Secured Lenders and Debtor shall have no obligation or
3 liability regarding any present or future environmental costs,
4 problems or cleanups.
5

6 6. At the closing of the transactions contemplated in
7 the Letter Agreement, the Post-Confirmation Arrangement shall
8 distribute to the Secured Lenders all cash and cash equivalents
9 then held in the estate, except for such amount as may be reasonably
10 determined by the Post-Confirmation Arrangement to be necessary
11 to satisfy its administrative operating expenses up through
12 the closing, which amount is estimated to be \$1,500,000.00.
13

14 7. At the closing of the transactions contemplated in
15 the Letter Agreement, the Debtor's Plan shall be substantially
16 consummated. This shall not affect the continued jurisdiction
17 of the Court as set forth in the Confirmation Order.
18

19 8. The Debtor is authorized to enter into and execute
20 such documents and agreements, and perform such other and further
21 acts as are necessary or appropriate to effectuate the transactions
22 contemplated in the Letter Agreement, and those transactions
23 described in this Order as the Proposed Transfers, including,
24 but not limited to the cancellation and discharge of all but
25 \$24.0 million of the secured indebtedness purchased by Sargent
26 from the Secured Lenders in exchange for the issuance of additional
27 common stock of Powerine Oil Company to be valued at \$14.0
28 million.

1 9. All cash, and other consideration delivered to the
2 Secured Lenders pursuant to the Letter Agreement, at the closing
3 of the transactions contemplated thereby, may be retained by
4 the Secured Lenders free and clear of all claims of any other
5 person.

6
7 Dated: 5/26/, 1986

RICHARD MEDNICK
United States Bankruptcy Judge

9
10 Presented By:

11 GENDEL, RASKOFF, SHAPIRO & QUITNER

12 By:

Herbert Katz
Eldon Pesterfield
Attorneys for The Debtor

13
14 I hereby attest and certify on 8-27-86
that the foregoing document is a true and correct
copy of the original on file in my office, and in my
legal custody.

15
16 CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

17 By [Signature] Deputy
18
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22
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24
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